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University of California
Berkeley, California

Kaiser Permanente Medical Care Program
Oral History Project

Lambreth Hancock

History of the Kaiser Permanente Medical Care Program

An Interview Conducted by
Sally Smith Hughes
in 1986

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LAMBRETH "HANDY" HANCOCK

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PREFACE

Background of the Oral History Project

The Kaiser Permanente Medical Care Program recently observed its fortieth anniversary. Today, it is the largest, one of the oldest, and certainly the most influential group practice prepayment health plan in the nation. But in 1938, when Henry J. and Edgar F. Kaiser first collaborated with Dr. Sidney Garfield to provide medical care for the construction workers on the Grand Coulee Dam project in eastern Washington, they could scarcely have envisioned that it would attain the size and have the impact on medical care in the United States that it has today.

In an effort to document and preserve the story of Kaiser Permanente's evolution through the recollections of some of its surviving pioneers, men and women who remember vividly the plan's origins and formative years, the Board of Directors of Kaiser Foundation Hospitals sponsored this oral history project.

In combination with already available records, the interviews serve to enrich Kaiser Permanente's history for its physicians, employees, and members, and to offer a major resource for research into the history of health care financing and delivery, and some of the forces behind the rapid and sweeping changes now underway in the health care field.

A Synopsis of Kaiser Permanente History

There have been several milestones in the history of Kaiser Permanente. One could begin in 1933, when young Dr. Sidney Garfield entered fee-for-service practice in the southern California desert and prepared to care for workers building the Metropolitan Water District aqueduct from the Colorado River to Los Angeles. Circumstances soon caused him to develop a prepaid approach to providing quality care in a small, well-designed hospital near the construction site.

The Kaisers learned of Dr. Garfield's experience in health care financing and delivery through A. B. Ordway, Henry Kaiser's first employee. When they undertook the Grand Coulee project, the Kaisers persuaded Dr. Garfield to come in 1938 to eastern Washington State, where they were managing a consortium constructing the Grand Coulee Dam. Dr. Garfield and a handful of young doctors, whom he persuaded to join him, established a prepaid health plan at the damsite, one which later included the wives and children of workers as well as the workers themselves.

During World War II, Dr. Garfield and his associates--some of whom had followed him from the Coulee Dam project--continued the health plan, again

at the request of the Kaisers, who were now building Liberty Ships in Richmond, California, and on an island in the Columbia River between Vancouver, Washington and Portland, Oregon. The Kaisers would also produce steel in Fontana, California. Eventually, in hospitals and field stations in the Richmond/Oakland communities, in the Portland, Oregon/Vancouver, Washington areas, and in Fontana, the prepaid health care program served some 200,000 shipyard and steel plant employees and their dependents.

By the time the shipyards shut down in 1945, the medical program had enough successful experience behind it to motivate Dr. Garfield, the Kaisers, and a small group of physicians to carry the health plan beyond the employees of the Kaiser companies and offer it to the community as a whole. The doctors had concluded that this form of prepaid, integrated health care was the ideal way to practice medicine. Experience had already proven in the organization's own medical offices and hospitals the health plan's value in offering quality health care at a reasonable cost. Many former shipyard employees and their families also wanted to continue receiving the same type of health care they had known during the war.

Also important were the zeal and commitment of Henry J. Kaiser and his industry associates who agreed with the doctors about the program's values and, despite the antagonism of fee-for-service medicine, were eager for the success of the venture. Indeed, they hoped it might ultimately be expanded thoughout the nation. In September, 1945, the Henry J. Kaiser Company established the Permanente Health Plan, a nonprofit trust, and the medical care program was on its way.

Between 1945 and the mid-1950s, even as membership expanded in California, Oregon, and Washington, serious tensions developed between the doctors and the Kaiser-industry dominated management of the hospitals and health plan. These tensions threatened to tear the Program apart. Reduced to the simplest form, the basic question was, who would control the health plan--management or the doctors? Each had a crucial role in the organization. The symbiotic relationship had to be understood and mutually accepted.

From roughly 1955 to 1958, a small group of men representing management and the doctors, after many committee meetings and much heated debate, agreed upon a medical program reorganization, including a management-medical group contract, probably then unique in the history of medicine. Accord was reached because the participants, despite strong disagreements, were dedicated to the concept of prepaid group medical practice on a self-sustained, nonprofit basis.

After several more years of testing on both sides, a strong partnership emerged among the health plan, hospitals, and physician organizations. Resting on mutual trust and a sound fiscal formula, the Program has attained a strong national identity.

The Oral History Project

In August 1983, the office of Donald Duffy, Vice President, Public and Community Relations for Kaiser Foundation Health Plan and Hospitals, contacted Willa Baum, director of the Regional Oral History Office, about a possible oral history project with twenty to twenty-four pioneers of the Program. A year later the project was underway, funded by Kaiser Foundation Hospitals' Board of Directors.

A project advisory committee, comprised of seven persons with an interest in and knowledge of the organization's history, selected the interviewees and assisted the oral history project as needed. Donald Duffy assumed overall direction and Darlene Basmajian, his assistant, served as liaison with the Regional Oral History Office. Committee members are John Capener, Dr. Cecil Cutting, Donald Duffy, Robert J. Erickson, Scott Fleming, Dr. Paul Lairson, and Walter Palmer.

By year's end, ten pioneers had been selected and had agreed to participate in the project. They are Drs. Cecil Cutting, Sidney Garfield, Raymond Kay, Clifford Keene, Ernest Saward, and John Smillie, and Messrs. Frank Jones, George Link, Eugene Trefethen, Jr., and Avram Yedidia.

By mid-1985 an additional ten had agreed to participate. They are: Drs. Morris Collen, Wallace Cook, Alice Friedman, Benjamin Lewis, Sam Packer, Bill Reimers, Harry Shragg, and David Adelson, Lambreth (Handy) Hancock, and Berniece Oswald.

Plans to interview Dr. Garfield and Dr. Wallace Neighbor, who had been at Grand Coulee with Dr. Garfield, were sadly disrupted by their deaths a week apart in late 1984. Fortunately, both men had been previously interviewed. Their tapes and transcripts are on file in the Central Office of the medical care program. Similarly the project lost Karl Steil due to his lengthy illness and death in 1986.

The advisory committee suggested 1970 as the approximate cutoff date for research and documentation, since by that time the pioneering aspects of the organization had been completed. The Program was then expanding into other regions, and was encountering a new set of challenges such as Medicare and competition from other health maintenance organizations.

Research

Kaiser Permanente staff and the interviewees themselves provided excellent biographical sources on each interviewee as well as published and unpublished material on the history of the Program. The collected papers of Henry J. Kaiser on deposit in The Bancroft Library were also consulted. The oral history project staff collected other Kaiser Permanente publications, and started a file of newspaper articles on current health care topics. Most of this material will be deposited in The Bancroft Library with the oral history volumes. A bibliography is located at the end of the volume.

To gain additional background material for the interviews, the staff talked to five Kaiser Permanente physicians in northern California, two of whom had left the program years ago: Drs. Martin Abel, Richard Geist*, Ephraim Kahn*, James Smith*, and William Bleiberg*. James De Long* in Portland, and William Green*, William Allen*, and Dr. Toby Cole* in Denver talked about the history of their regions. In addition, Peter Morstadt*, formerly executive director of the Denver Medical Society discussed the attitude of the Medical Society toward Kaiser Permanente's years in Denver.

The staff also sought advice from the academic community. James Leiby, a professor in the Department of Social Welfare at UC Berkeley and an advocate of the oral history process, suggested lines of questioning related to his special interest in the administration of and relationships within public and private social agencies. Dr. Philip R. Lee, professor of social medicine and director of the Institute for Health Policy Studies at the University of California Medical School, proposed questions concerning the impact of health maintenance organizations on medical practice in the United States.

Organization of the Project

The Kaiser Permanente Oral History Project staff, comprised of Malca Chall, Sally Hughes, and Ora Huth, met frequently throughout 1985 to assign the interviews, plan the procedures and the time frame for research, interviewing, and editing, and to set up a master index. Interviews with the first nine pioneers took place between February and June, 1985, and with the second group between February and December, 1986. The transcripts of the tapes were edited, reviewed by the interviewees, typed, proofread, indexed, copied, and bound. The entire series will be completed during 1987.

Summary

This oral history project traces, from various individual perspectives, the evolution of the Kaiser Permanente Medical Care Program from 1938 to 1970. Each interview begins with a discussion of the individual's family background and education--those tangible and intangible forces that shaped his or her life. The conversation then shifts to the interviewee's participation in and observation of significant events in the development of the health plan. Thus, the reader is treated not only to facts on the history of the Program, but to opinions about the personal qualities of the men and women--doctors, other health care professionals, lawyers, accountants, and

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*Tapes of these interviews have been deposited in the Microforms Division of The Bancroft Library.

businessmen--who, often against great odds, dedicated themselves to the development of a health care system which, without their commitment and skills, might not have resulted in the individual and organizational achievements that the Kaiser Permanente Medical Care Program represents today.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to the development of the West. The office is headed by Willa K. Baum and is under the administrative supervision of James D. Hart, the director of The Bancroft Library.

Malca Chall, Director
Kaiser Permanente Medical Care Program
Oral History Project

23 January 1987
Regional Oral History Office
Berkeley, California

INTERVIEW HISTORY

Mr. Hancock was interviewed by the Regional Oral History Office because of his involvement with the initial tumultuous stages of the Kaiser Permanente Medical Care Program in Honolulu, both as project manager of hospital construction and, later, as the first regional manager of the health plan. The interviews also touch upon Mr. Hancock's lengthy and varied career with the Kaiser organization and his intimate and at times trying association with the Henry J. Kaisers, senior and junior.

Starting life as the only child of a peripatetic minister and, after his parents' divorce, having to help support himself and his mother, he tells of his introduction at the age of eight to the newspaper publishing world. It was his background in journalism and as owner of a series of small newspapers which led, just before the outbreak of World War II, to a public relations post at the Kaiser steel mill in Fontana, California. Several encounters with Henry Kaiser, Sr. resulted in his unanticipated appointment as "the Boss's" right-hand man at the Oakland headquarters of Kaiser Industries.

Henry Kaiser's "retirement" (the word is used loosely) to Hawaii in the 1950s resulted in Hancock's assignment to Kaiser's many projects in the Islands, among them television and movie production, construction of Hawaiian Village, management of one of Kaiser's hotels in Waikiki, development of the Hawaii Kai real estate project, and, most importantly from the standpoint of this interview series, the medical program which Mr. Kaiser decided to establish in Honolulu.

Frustrated by his inability to control completely the new medical center at Walnut Creek, California, Kaiser hoped to develop a health plan in the Islands with minimal interference from Kaiser personnel and Permanente physicians on the mainland. The subsequent debacle, detailed in these interviews and others in this series, culminated in the dissolution of Permanente Medical Associates, the physician partnership in Honolulu.

In preparation for the interviews, Mr. Hancock had at hand a family geneology and a few other documents which he consulted in the course of the interviews. A genial man and born raconteur, he spoke with fluency and humor. On several occasions he interjected stories about Mr. Kaiser which, aside from being amusing, reveal the personality of a man whom Hancock both feared and adored.

The interviews took place in the living room of the Hancock home in Hawaii Kai on the eastern end of Oahu. The house overlooks a waterway which was active with small boats, many pulling water skiers.

The interview sessions, each lasting over three hours, took place on February 17 and 18, 1986. The session on the second day was interrupted by lunch on the patio with Mrs. Hancock who had her share of anecdotes about their long association with the Kaiser family. The interviews roughly followed an outline which Mr. Hancock received in advance. In turn, Mr. Hancock lent the interviewer a manuscript he wrote on his recollections of the harried but exhilarating years he spent with Mr. Kaiser. A copy of the manuscript is on deposit in The Bancroft Library. Mr. Hancock also has at home several photograph albums of the construction of the first Kaiser hospital in the Hawaiian Islands.

At the suggestion of Mr. Hancock, the interviewer contacted Norah Walker who has been executive secretary to the regional manager of the Kaiser Permanente Medical Care Program in Hawaii for almost thirty years. She has over the years painstakingly assembled several photograph albums and over twenty scrapbooks spanning the years from 1958 through the mid-1980s. The scrapbooks contain newsclippings and other material on all aspects of the Kaiser enterprises in Hawaii, but with primary emphasis on the medical program. The albums and scrapbooks have also been deposited in The Bancroft Library.

The transcript was lightly edited, and then sent to Mr. Hancock who made mostly minor changes. The interviews thus stand essentially as they were recorded. The mixed emotions which they evoked in the narrator can be read between the lines--bemusement (in retrospect) regarding the antics of Mr. Kaiser, anxiety over his responsibilities on many Kaiser projects, frustration in the initial stages of the medical program in Honolulu. But life as an intimate of "Mr. K" was apparently worth it; Mr. Hancock repeatedly chose to come back for more.

Sally Smith Hughes
Interviewer-Editor

September 1986
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University of California
Berkeley, California 94720

BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name Lambreth (nmi) Hancock, Jr.

Date of birth May 20, 1917 Place of birth Paris, Tenn.

Father's full name Lambreth (nmi) Hancock

Birthplace Dallas, Texas

Occupation Minister 1st Christian Church 2nd Congregational

Mother's full name Catharine Thomas Hancock

Birthplace Bristol,Va

Occupation Piano-Organ teacher, Business office manager

Where did you grow up ? San Dimas, Calif.

Present community Honolulu (Hawaii Kai) Hawaii

Education Elementary, High School, Junior College.

Occupation(s) Printer, Publisher, Publications Director (Kaiser steel)
combat naval correspondent, Public Relations (Kaiser Organizations)
Executive Asst. to Henry J. Kaiser and doubling at same time as Construction
Project manager, Hawaiian Village, Kaiser Hospital, Manager Hawaiian Village

Special interests or activities
Photography, Pop Organ, Community service work.
Hotel, Regional Mgr, Kaiser Health Plan, V.P. Marketing, Kaiser Hawaii Kai

I FAMILY BACKGROUND, EDUCATION, AND EARLY CAREER

[Interview 1: February 17, 1986]##

Family Background

Hughes: Please tell me your family background on both sides, beginning with your grandparents.

Hancock: [consulting family tree] On my father's side, there's William Tazwell Hancock, and I can't tell you too much about him except that he married an Elizabeth Fletcher. Although they lived several places in the South, they lived primarily in Texas. He was in the lumber business. The lumber mill burned down, and from then on I don't think he did anything too outstanding. He had a partner that skinned him out of his money, and that just about took care of that. William Tazwell Hancock and Mary Elizabeth Fletcher had seven children, I believe it was, all of whom are dead. One died (Oscar) at a very early age, of drowning. Brothers Albert 1889-1908, Herman 1884-1947. Interestingly enough, the last four died within one year of each other.

My father was named Lambreth Hancock. We've never been able to figure out where that "Lambreth" came from--there are "Lambeths" and "Lamberts" in England, but no "breths." Anyhow, he married Catharine Emma Thomas, and I was an only son. So that gets you up to me.

[tape interruption]

My father, Lambreth Hancock, who would have been the first "Lambreth," was a minister, first with the Disciples of Christ--also called Campbellites, and also known as the Christian Church. They were

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##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 101.

Hancock: known as Campbellites back in those days. They were rather on the fundamental side. He later shifted to the Congregational church, which was considerably broader. Anyhow, he spent his life as a minister.

On my mother's side, her maternal grandfather was William Perry Hamilton of Scotch descent, but I cannot trace any farther back than that. He ran a commercial hotel in Bristol, Virginia, across from the railroad station. In its day it was supposed to be one of the better commercial hotels in Bristol. He married a Catherine Price Roach (a relative of John Wilkes Booth, who shot Abe Lincoln), and they had four children--Emma Lestelle (my mother's mother), Elija Belle (died as an infant--probably the name killed her), William Wister, and Charmian Star. William Wister Hamilton was later a pillar of the Southern Baptist Church and a minister; later became president of the Baptist Bible Institute in New Orleans and authored many books.

My mother's paternal grandfather was a J.W. Thomas who married a Rachael Straw, but I know little of them except they begat and begat until there were seven Thomas kids. One of them was William Josiah Thomas who married Emma Lestelle Hamilton and they had five kids, one of which was my mother Catharine Emma Thomas. William Josiah Thomas was a "drummer" or travelling salesman, as I understand, and only lived to be 47 years old.

My mother (Catharine Emma Thomas) married my father, Lambreth Hancock (no middle name) in 1915 and that's where I came in on May 20, 1917, in the little town of Paris, Tennessee.

During my early life, we were constantly on the move. For a while my father worked with the YMCA at army camps during World War I. Then he chose to be an evangelist which meant going from town to town and church to church holding evangelistic meeting and saving souls or working with other preachers doing it. We just went from place to place--I think I lived in twelve to fourteen states before I was five years old.

Hughes: What was determining where and when you moved?

Hancock: As an evangelist, it was determined by my father and where he was going to hold his next evangelistic meeting. It was a kind of Billy Graham thing on a small scale.

Somehow or other, I don't remember the circumstances why, my father ended up in Texas in a little town called Iowa Park. He had a church there for a while, and then later was assistant pastor in a large church in Wichita Falls. Then from there he was called to come to a church in California, in a little town called San Dimas. And that place stuck. [chuckles] When I say that, I don't mean that he had been kicked around, but he decided he wanted to stay and be in one place for a change.

Hancock: So we lived in San Dimas during all my formative years. Unfortunately, my mother came from a very staunch Baptist background. She came from this very strict, hard-shell Southern Baptist background, and with my father being more on the progressive side, why somehow or other things just didn't work out compatibly with them. They ended up being divorced when I was about ten years old.

From that point on, I was pretty much raised by my mother, because my father also developed tuberculosis and spent a good portion of his time in Arizona in a sanitarium. That, of course, was right in the middle of the Great Depression, and he wasn't able to supply any sustenance in the process. So my mother, who was quite an accomplished piano and organ teacher, kept our body and soul together with music lessons, some of which she had to take in trade for various and sundry things, and some for which she got money.

Work in a Print Shop

Hancock: I started to work at the tender age of eight years old. I would walk back and forth to school, on the way passing by the printing office called the San Dimas Press--they had a newspaper and printing office. They had a linotype out in the front window. I would stand there with my nose glued to the window, watching the operator work this thing on the way to school and on the way from school. Finally I got enough nerve to sidle in and look over the counter and watch the fellow, Howard Hoover, who also was the manager. It just happened that he went to the same church that my parents had at that time, and so finally he gave me a job sweeping the place out and doing odd jobs around the newspaper office.

Hughes: Is that what the term "printer's devil" means?

Hancock: Well, no, I was just a lackey at that point. Later I became a printer's devil when he started allowing me to set and distribute type: feed the presses and start to learn the trade. At that time I was getting ten cents an hour. I can remember when Roosevelt put in the NRA [National Recovery Act] that set a minimum wage, and my pay jumped to fifteen cents an hour, and I was very high on the hog at that point.

Anyhow, I kind of put myself through high school, working in the print shop. First I learned to set type and run the presses. Every bit of time that I wasn't in school, I was trying to earn some money to keep our body and soul together. Those days, why you could buy carrots for two cents a bunch, so we ate lots of carrots. [laughs]

Hancock: I had wanted to be a doctor. That was one of my life's goals. It was either that or be a photographer for the National Geographic. The latter I wanted to be so that I could go on trips and get paid for it. But it was pretty obvious that in our financial circumstances there was very little chance of being a doctor, so I decided to be a journalist. I graduated from Bonita Union High School, which was at that time between San Dimas and LaVerne. Each town now has its own high school. I went on to Chaffey Junior College in Ontario, California. Because I was working, I went through the junior college part in three years instead of two. As it turned out, I never graduated, because by this time I got a job with a newspaper in the next town called the LaVerne Leader, selling advertising and reporting and that sort of thing.

Owner of a Newspaper

Hancock: The owners, Mr. and Mrs. Ulrich Knoch, were well up in their years and had no heirs or anybody to take over. They decided that they were getting too old to run this paper. It was just a little weekly newspaper, and run down equipment, and they were having problems. So they decided they would sell it, and they sold it to me. Although I didn't have any capital, they sold it to me for $700 down, if I could raise the $700. The total price was going to be $7000 for the going business. I finally managed to borrow $700 from my aunt, who also was a good staunch hard-shell Southern Baptist, and she charged me seven percent interest, back in those days. Of course, I didn't know too much about business, and seven cents on the dollar didn't sound like very much.

Hughes: Was that a high interest rate in those days?

Hancock: Oh, boy, that was usury, practically! [laughs]

I did finally pay her back the $700 and interest, but it was a real toughie. We ran the newspaper for, let's see... Well, I couldn't even own the paper at first, legally; I had to lease it the first year because I was only nineteen when I bought it. I had to wait a little over a year until I was twenty-one before I could actually legally own it. At that time I was the youngest adjudicated newspaper publisher in the state of California.

Hughes: Did you have a staff?

Hancock: Oh, yes, I had a small staff, but most of the staff was myself, and... Shortly after I bought the paper, my wife, Barbara, and I were married, so she was of course part of the staff. I had two or three employees in the back room. One fellow, by the name of William Akers, was an old Spanish-American war veteran. I owe him a tremendous debt

Hancock: of appreciation. I didn't realize it at the time, because I was a young whippersnapper publishing a paper, and I thought I knew it all, but he very quietly, figuratively, kept his arm around me and kept me steered in the right direction. He was an old time printer from way back, and helped me particularly in our job printing department. I didn't know beans about money and pricing and so on. Anyone who'd pay seven percent interest had to be out of their mind! [laughs] I didn't get a chance to take business management or anything like that in school, but I think I learned more about business and administration in that newspaper than I would have ever learned in college.

Family Life

Hughes: Before you get too much further, let me go back and ask some questions about family life, if you don't mind.

You said you were living with your mother. Was it a very tight ship she was running?

Hancock: No, she ran a tight ship as far as she personally was concerned, in her own life. For example, she did not believe in dancing or playing cards or of course no liquor or anything of that sort--smoking, being that those are all the devil's instruments. She didn't do too much in the way of going to movies, and was very careful whose movies she went to, because if the movie stars were too sinful in their daily lives, why she wouldn't have anything to do with them on the screen.

But she was really quite open-minded in the manner in which she allowed me to do things. I think she realized that she was narrow because of the way she was raised, but she wasn't going to force it on me. The older she got, the more open-minded she became, which I'm really thankful for. For an example, there was a short period of time that we had to live with my great-aunt and uncle in New Orleans, the one who later loaned me $700. My aunt was such a hard-shelled Baptist that she wouldn't even take communion in another Baptist church. Now that's getting pretty narrow! When we were living there, Sundays were--well, they were hell as far as I was concerned. I was little, about ten years old at that point. You couldn't read the funny papers. You couldn't do anything on Sunday except read the Bible lesson that you got at Sunday school, and color the pictures or what have you. But nothing could be done other than religious on Sundays in my great aunt's house. Frankly, it was hell.

Hancock: Every morning they would have their vespers before I would go to school. They'd serve the bowl of cereal, that was hot at that point, and then they would go through reading the Scriptures and reading the lesson for the day, and all that kind of thing--and then pray. They could pray until hell froze over, and I would sit there just smelling this cereal, but I couldn't eat it. And then I had to gulp it down after it was cold and rush to school because they'd taken so much time.

Even when visiting them, my mother would smuggle me out every once in a while, and get me down to Canal Street where the theaters were, and let me go to a movie or a play. She'd go and sit in the park or something like that during the time I was going to the plays or the movies, but she wouldn't participate herself. She knew my great aunt would want to know where we were and she could say, "just in town," without completely lying.

Hughes: An amazing woman!

Hancock: Yes. Very. So I owe her an awful lot of thanks for not making my life any more miserable than it was at that time.

Hughes: Were you seeing your father at all?

Hancock: During the summertime I'd go to Arizona for a month or so and would visit him. After he got out of the sanitarium, he had a church in Glendale, Arizona, and he did get over his health problem. Ended up dying of a heart attack. But my parents never got back together. He finally ended up as the chaplain at the Arizona State Prison, and had a little church down in Florence. So I would go and visit him in the summertime, and then I'd be with my mother the rest of the time.

When my wife and I were going together, we decided... Well, we were getting up to the point where we wanted to get married, and her mother insisted that we should get married in the Episcopal church. We kind of wanted to have my father have something to do with it, and he couldn't do anything in the Episcopal church. We didn't plan it on purpose, but we did go for a visit over to Arizona, and my future wife went with me so that she could meet my father, and my mother acted as chaperone. We all stayed at his place, and while we were there, we decided we'd like to get married. After quite a consultation between my mother and father, we did, secretly, and three months later we came back and got married in the Episcopal church. Quite sometime later when my wife's mother found out, she was flabbergasted that my mother had gone along with it--had betrayed her.

Hughes: So everybody was happy.

Hancock: Everybody was finally happy, right.

Hughes: So what year was that, now?

Hancock: Well, that'd be 1939.

So as you see, my mother could be a very broad-minded woman.

Education and Newspaper Work

Hughes: So the next step was becoming a correspondent stringer for The L.A. Times?

Hancock: Well, that was being done at the same time that I was going to Chaffey Junior College and working at both the San Dimas Press and then later at the LaVerne Leader. At that time I was also a stringer for the L.A. Times, and worked for Ed Ainsworth, who was the valley editor at that point. Also I was a stringer for the Associated Press. That was kind of through the association with the Times. It was no great deal.

Hughes: What does the term "stringer" mean?

Hancock: That means that you write stories on your own, send them in, and if they use them, then they string them together, and you get paid by the column inch of the material that they use from you.

Hughes: When you were at Chaffey Junior College was your idea at that point to go into journalism?

Hancock: Yes, I was majoring in journalism and working on the campus paper and yearbook and all that kind of stuff to get prepared.

After I quit school I bought the LaVerne Leader. I only had that for a relatively short period of time--about two years I guess it was--and all of a sudden a fellow came in and wanted to buy the newspaper from me. He offered me ten thousand dollars, and I had bought it for seven two years before. I thought I had a gun on his back! Well, it was his offer, so I sold it.

This was at the end of the Depression and just before World War II started, so things were beginning to get a little better financially all around. We had had a bad period as far as our own finances were concerned, because the newspaper really didn't make that much during the Depression, and we didn't know then what credit was all about. One salesman came in and wanted to sell us a gas refrigerator, and we thought, oh, why not, because it's only six dollars a month on the gas bill for three years. And then we

Hancock: thought we should have a new stove, and so that was only three dollars a month on the gas bill, and at that time we also bought an automobile, and that was only so much a month. The next thing we knew, we had so much a month on all these things that we were buying on credit that we didn't have any cash left. At that point, if I remember right, I was taking seventy-five dollars a month out of the business. You can see how those things go.

You traded advertising at the grocery store for food--a lot of it was barter in those days. Anyhow, after I sold the paper, I bought another one in a little town called Ramona, California. Ramona is about fifty miles north of San Diego, up in the back country. It was a small newspaper, it was run-down, and I had sort of thought that I would make my life's work buying run-down papers and building them up and selling them; buy another one, build it up, sell it; and that was the way I would make my living. So we went down and bought the one in Ramona, and we were just beginning to get it off the ground because I had put in too much cash for it, and hadn't held back anything for working capital. I didn't know about anything called working capital. I thought if a person owed you a dollar, why you should be able to collect a dollar. But it doesn't work that way.

About that time the Japanese attacked Pearl Harbor, and overnight I lost 50% of my advertising, because suddenly nobody knew what they had to sell, and everybody quit advertising. Things were in kind of a tough spot. So I had to get a job to keep body and soul together, and my father, who by then had retired and was living with us, agreed to try to keep the newspaper going while I tried to keep the family going. I got a job at the Ontario Daily Report as city editor, and we moved back up to the Ontario-Upland area.

II CAREER WITH THE KAISER ORGANIZATION

Public Relations Work at the Fontana Steel Mill

Hancock: About that same time, there was a guy by the name of Henry J. Kaiser who was going to build a steel mill out in Fontana. I'd gone out there to interview the big shots for our paper several times. Henry Kaiser, Jr. was in charge of the PR work. A fellow by the name of Walter R. Farrell, known as "Sonny" Farrell--we always called him Victor Manure, because he looked a bit like Victor Mature [laughs]--he was the legal eagle there. Part of the problem was that they were having a lot of flack from the surrounding communities because the locals didn't want this big industrial thing in the middle of their orange groves, potentially. They were afraid of the smoke, and they were afraid of the pollution, and all that kind of thing. So the PR and the legal departments were quite key at that point. I went out and did several interviews to see what they were going to do. Finally they said they wanted to start a publication department. They had hardly broken ground and were just beginning to build the mill. They asked me to come out to see them, and I did, and they offered me the job to run their publication department. They wanted to have a house organ and do some publicity and that sort of thing.

Hughes: Somebody must have been impressed with you.

Hancock: I guess. Either that or I was the only one around that looked like they had any chance of getting. I don't know what it was.

So I told them thanks but no thanks, I knew where I was right now, and I enjoyed my work with the Daily Report, and I didn't think I wanted to make a change. About a week or so later Mr. Farrell called me back again, and asked me again to consider it.

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Hancock: I turned them down again, and said that I was very happy where I was. Well, opportunity knocked a third time, and about a week or so later they asked me to come back and talk about it again. I was still pretty adamant in my own mind, and told them I really didn't like this guy Kaiser. I thought he was a grasping industrialist trying to gobble up California, and I didn't want to get stuck in the corner of a big corporation and be forgotten about. This time they offered me more money than I'd ever made in my life--$165 a month--[laughs] if you can imagine it. That was fifteen dollars a month more than I was making at the Ontario Daily Report. Fifteen dollars in those days was like fifteen hundred these days, so I said, "Well, okay, I'll try it for two weeks."

By this time they were getting a little desperate because they had the "blowing in"* of the blast furnace coming up. So I said, "I'll try it for two weeks, but I'll work for you at night, and I'll work for the Daily Report in the daytime. If I don't like it, I want to go back." So they said okay. My first assignment was to come up with a news release that would tell the story of the steel mill: how steel was made, where we got our ore, how it was refined into pig iron--the whole bit. And they wanted it by eight o'clock the next morning! I'll never forget--by the time I got through finding people who had books that I could use for reference, and interviewing the superintendents, and all that, it was around eight p.m. I went home and started trying to write this thing, or put it together. Well, about two or three o'clock in the morning I finally finished, and fell in bed. Barbara let me sleep in a bit longer than I normally did, and the next morning I got out to the mill about nine or nine-thirty with the story.

When I came through the door, why Walter Farrell said, "You were supposed to be here at eight o'clock." I said, "Well for God's sake, I've been working all night. I can only do so much! This is an impossible assignment in the first place--I'm only one man!" He said, "Let me tell you something. As long as you work for Henry Kaiser, you will have to learn to do the work of two men." And that was very, very true, as I later found out.

So that was my break-in with the steel mill. I think pretty much the rest of that early period is in the stuff I gave you.** You know--my first office being on the skids, and using my own typewriter, and using a cable spool for a desk, and going out and never knowing where my office would be because they'd hook a tractor on it and move it somewhere else. In those days, that's the way they did things.

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*steel mill term for "starting up."

**Mr. Hancock lent the interviewer an unpublished manuscript he had written of his career with Henry Kaiser. A copy is on deposit in The Bancroft Library.

Hughes: What were they doing with the material that you produced?

Hancock: Well, this news release was for the opening of the blast furnace, the starting up of that.

Hughes: And that went to the local newspaper?

Hancock: That went to not only local papers but international. It was put on the wires and so on, because that was big news for them at that point, especially during the war, when they were needing steel, and needing ships, and needing all this kind of thing, why this was the newest defense industry that we had.

Hughes: Was the Fontana steel mill founded primarily with the idea of building the liberty ships?

Hancock: Purely and simply only. That was the only reason for it.

Kaiser at that point was building ships. The Germans were sinking them faster than America could turn them out. He was building liberty ships first, and later the version they called victory ships, and then after that what they called baby aircraft carriers that carried only thirty-six planes, where they took the hull of a victory ship and put a flight deck on top. And frankly, according to [Admiral William] Halsey, it was those baby carriers that really made it possible to win the war in the Pacific against the Japanese. The liberty and victory ships were thin-skinned, and they broke apart pretty readily in heavy storms, and they would sink if you hit them with a 22-rifle almost, (not quite that bad), but they could be turned out fast. We finally built one in five days--that's an all-time record--it was an assembly job. They had prefabbed everything. But they assembled the whole thing and had it down the ways in five days time.

The big problem was that he couldn't get steel. All the steel had to come from the East Coast. And so Mr. Kaiser went to the government to see if they wouldn't subsidize a steel mill in southern California, somewhat like they were subsidizing one for U.S. Steel in Utah. They would do things for U.S. Steel that they wouldn't do for Kaiser.

Hughes: Why was that, now?

Hancock: Well, because of political pull, and all that kind of thing. The "big boys" disliked Kaiser; he was a renegade, and always getting in people's hair, and doing things... Well, he was tough competition. The steel industry didn't want him to get into the steel industry, period.

Hancock: In the end, he finally went to the government Reconstruction Finance Corporation and he borrowed the money himself, and pledged his industries and his personal wealth as security. In the end, he had to pay back--he did pay back--one hundred cents on the dollar, plus interest. In the final end, U.S. Steel bought the plant that the government had built for them in Utah for ten cents on the dollar. Really tough competition.

Hughes: Quite a difference there!

Hancock: But the reason for the steel mill was to supply steel for the ship building and for the war effort. He really made a tremendous contribution to the war effort that few people appreciate even now. They always thought he was in the government's pocket, but the government was in his pocket instead.

Hughes: Did he ever get recognition for his contributions?

Hancock: Yes, but not what he really deserved. He should have been given a lot better recognition for his contribution. But see, the big boys in the East didn't like this whippersnapper out here in the West who was coming up and building cement plants, and building dams, and building all sorts of things. He was moving too fast for them, and he didn't play in their league, socially or economically or anything else. But he was always honest and always aboveboard. They tried to have several congressional investigations of him, and they could never find anything that he had ever done that was not right up on top of the table. In fact, I've got one chapter in that book* on his policies on honesty.

Hughes: You also spoke on several occasions about the loyalty and cameraderie--whatever you want to call it--amongst Kaiser's employees.

Hancock: The early group, the ones who, shall we say, started out and went through the thick and thin of--well, his first paving projects, and then going down to Cuba where they had some real horrible conditions to try to overcome to build this highway project in Cuba, the ones that worked on Boulder Dam and Coulee Dam and all that period--they were a very very hardworking, close knit family. When you'd go to one of their, shall we say, banquets or anything of that sort, it was always the "boys" and their wives, and they always ended in love feasts. They were very close knit: nobody was trying to climb over anybody's back; they were all in it together.

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*Hancock's manuscript.

Hughes: Was Henry Kaiser himself fostering that sort of thing?

Hancock: He fostered this. People would do things for the guy that they would never do for anyone else. They would work hours and work for pay that they wouldn't work for anybody else. He never was really what you'd call a high-paying boss. Well, somewhere or other he discovered, in the contracting business each competitor was pretty much on the same footing when you were going after a job. The material costs for a particular job, and the equipment costs for a particular job, and the things like gasoline and oil and breakdowns and so forth, are pretty much the same for everybody who was going after that job. There are only two things that make a difference in most of these contracting jobs; one is the efficiency or the manner in which a job is put together, and the other is in how much work you can get out of your men who are doing that job. Mr. Kaiser somewhere or other heard that the average individual only uses about ten percent of their capacity in what they do in a day's time, and all his life he was out to get fifteen percent out of everybody that was willing.

And they would do it for him. He had a means, a manner, of challenging someone, of saying, well, I suppose you can't do this. And you'd just knock yourself out until you did it. But he had this way of challenging people who were around him, no matter who they were. Even outsiders, contractors would work for him a lot harder and under conditions that they would never work for some other company. He would challenge you, and you would rise to the occasion; he would pat you on the back when you did; he would chew you out, up one side and down the other, if you didn't, or he'd just get rid of you. He had no time to spare for anybody that he didn't think was worth growth and building.

Hughes: Were people afraid of him?

Hancock: I would say to some extent yes, until they got to know him quite well. I was scared to death of him for the first ten years I worked for him. Every day I was sure I would get fired before the day was out. Maybe that's why I worked harder and tried harder, because I didn't want to be.

He wasn't one who turned around and fired people right and left; it wasn't one of those kind of deals. I don't think a lot of them were as afraid of him as I personally was. I had him up on a pedestal, and as far as I was concerned, he was pretty much, well you know, getting awful close to God. But, in the end, I was probably as close to him as anybody along the line, including Edgar, and Henry, Jr.

Hughes: Why, do you think?

Hancock: Well, for some reason he took a liking to me, I guess. I was loyal plus I worked my tail off for him. And yet, he has driven me so hard at times that I have almost broken up with a nervous breakdown, over little insignificant things. Never over the big things.

Mr. Kaiser's Staircase

Hancock: I don't know whether you read the story of the staircase..?*

Hughes: Yes. [laughs]

Hancock: That was very typical of him.

Hughes: Why don't you explain a little bit, for the record, if you don't mind?

Hancock: Well, okay. Do you want the story of how I got there and so forth?

Hughes: Well, we're jumping ahead of course, but that's okay. I think that that story of going out to the house is a very characteristic one, don't you?

Hancock: Well, that's why I say we ought to go backward a little bit.

Anyhow, shortly after I went to work for him, I was transferred out of the L.A. office and up to the old Oakland office overnight. The first day that I arrived, I was ushered into the "sanctum sanctorum" on the nineteenth floor. My desk was a secretary's desk, which, ironically, turned out to be the receptionist's desk that we had in the L.A. office. When I closed it down, they shipped it up, and that was the one they gave me, just outside his office. I spent the first hour or so thumbing through the telephone book because I didn't have anything else to do. I was right out in the middle of the big lobby where everybody came and went between Gene Trefethen's office and Edgar [Kaiser's] office and Henry J. Kaiser's office.

I didn't have anything to do, so I just sat there and thumbed through the telephone book until finally I heard Mr. Kaiser say, "Is Handy out there?", and his secretary said, "Yes." He said, "Tell him to get ready; we're going." I had just bought a brand-new suit, and just bought brand-new shoes, just bought brand-new

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*Hancock's manuscript.

Hancock: everything else so I could be spic-and-span. I was dressed to kill for the first day. He came out and said, "Well, come on, Handy, let's go!" I wondered where we were going, but I sort of assumed that we were going to maybe rush over to San Francisco to have some big meeting with the Bank of America or some fool thing like that.

We went down the elevator to the garage, got into the car--Dick Taylor was his chauffeur--and Dick cut out like an Indianapolis speedway race driver, which is the way Mr. Kaiser always wanted to go--fast. But instead of going toward San Francisco, we went toward Walnut Creek. Finally he said, "I'll take you out and show you the new home we are building." He was building a new estate at Lafayette. He had been living in a very fancy apartment down on Lake Merritt.

We drove over a rise in the hillside, and he had Dick stop the car, and we looked over this large piece of property. I can't remember--five, seven acres, something like that. He said, "This is where we're building the house." I looked but I couldn't see anything except a sea of mud and a few stakes with flags flying on them, a few boards put together here and there in a strange kind of cross, because they were just laying it out. It had rained for about two weeks off and on prior to that, and that area was nothing but adobe mud. He had two D6 Cats--Caterpillar tractors--that had been trying to work in the stuff; they were mired and couldn't move.

He pulled up and stepped out of the car and said, "Come on, Handy, I want to show it to you!" Well, I jumped out of the car, and the first thing I did was hit that adobe mud and slip, and I went down on one knee with my brand-new suit. My shoes were, of course, globbed full of the adobe mud, as were his, but he didn't care--he had more shoes where those came from; I only had that one pair.

Anyhow, we went from stake to stake, and he said, "This is where the living room's going to be, and this is where the dining room is going to be, and this is for the swimming pool; this is where something else is," and so on. Finally he called over his superintendent, a fellow by the name of Dave Anderson, and said, "Have you got a set of plans for Handy?", and he said, "Yes," so he handed me this great big roll of plans, and said, "Okay, you're the project manager."

Well, I had been in the newspaper business all my life, and I knew little or nothing about construction, virtually nothing. About all I knew was that there was a pointed thing called a nail, that if you pointed it in the right direction and hit its backside with a hammer, it was supposed to go through wood. But that was

Hancock: about it. And suddenly I had become project manager of this home. The only thing is, it had so many intricate things like zone heating, and radiant heating in the ceiling and the floor, and it was full of automatic valves from Honeywell. It was going to have all kinds of intricate sound systems worked through the whole thing; the telephone system was out of this world. It was really like a little factory as far as the detail was concerned. I knew nothing about reading blueprints.

Well, he explained to me that the key thing in this project was the staircase that was going to go from the lower level to the upper level, and that without this staircase, you couldn't get around. He was having it built by an Italian artisan over in San Francisco; that was his specialty. It was going to be a free standing wooden staircase that was going to be something like they had never seen in the Bay Area before, and I should follow that very very closely and very carefully, because if it was late, they couldn't get it in the house. But it was going to take almost as long to build the staircase as it would to build the house.

So I said, "Yes, sir." As time went on, I learned how to read blueprints, and I learned how to contract with subcontractors, and I learned all sorts of things overnight. You tended to learn fast under Mr. Kaiser's tutorage!

Hughes: Why did he pick you, when surely in the construction business there must have been people with that kind of background to begin with?

Hancock: That's right. Well, I guess he had decided that I was going to be his next close assistant, and he would train me. He preferred to train people than to have somebody who already knew something, because the one who already knew something, knew something couldn't be done. But if you got people who didn't know anything about it, they didn't know that it couldn't be done, and so they would do it. And that was me.

I really don't know why he picked me for that, because nothing in my background in any way, shape, or form was conducive to construction.

Hughes: Was he an astute judge of ability?

Hancock: Yes, plus he remembered that I had done a photographic job for him in a period of time which he had thought was impossible.* But it was done. And he liked anybody who could accomplish things, especially

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*detailed later in interview.

Hancock: if they could accomplish it faster than anybody else. I think he just sort of thought I was one of these types that, well, if you train them right... Later on somebody told me that he said, "You know, if I asked Handy to go in five directions at once, I think he would try." That was a comment that he made about me out here in Hawaii.

Hughes: And that was a big compliment in his terms.

Hancock: Yes, that's right.

So I think he realized that I was one of those who didn't know it couldn't be done, and maybe because of that, I would do it. I don't know why he chose me. I was more surprised than anybody. I had not known him personally in the past. Even though I had worked for Henry, Jr., Senior and I had had very few contacts, and they had always been not just the best contacts, like hitting him with the door.* [laughs] So our contacts had not been the best in the world in the past, but that wedding apparently was the thing that made him decide that he wanted me to work for him.

Anyhow, where was I?

Hughes: Well, you were talking about the staircase.

Hancock: Oh, yes. So as the weeks went by, and the months wore on, he kept asking me how the staircase was doing, and I was very closely following it. Every week at least, I would phone the guy and find out how he was coming. I would get his progress story, and it sounded legitimate. First, they would have the material ordered, and then it would have arrived, and then they were sorting it out and finishing the lumber, and then they were beginning to build this part of the staircase and that part of the staircase, and then they were working turning the spindles that hold the rail and building the risers. Anyway, he gave me this seemingly very reasonable progression of the staircase. And I would make these reports to Mr. Kaiser.

Mr. Kaiser didn't trust anybody; he always had two or three different people working on the same thing when he thought it was important. So he had Morry Wortman, who was the architect for the job, also following the staircase. I would cross hairs with Morry, and he was getting the same report that I was, so everything seemed like it was going along fine.

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*Hancock manuscript.

Hancock: I had not been able to get over to look at the staircase, because Mr. Kaiser had me going in so many directions at the job that there just wasn't time to drive to San Francisco and back. Finally, after several months he said, "Handy, have you seen the staircase?" I said, "No, I really haven't seen it, but you know, I've talked to the guy all along, and..." "Well, you know, I think you ought to go over there and look at the staircase, and see if he's doing what he says he's doing." So I said, "I'm sure he is, because the progress sounds very reasonable..." "I know, but I still think you better go over there and take a look at it."

I said, "I will, just as quick as I can," and he said, "No, I think you ought to do it right away." So every so often he would ask me, "Have you been over to see the staircase yet?" I would say, "Well, no Mr. Kaiser, I've just been so tied up here that..." "I'm telling you, you should go over and see that staircase." And he'd also told the same thing to Wortman, and Morry hadn't been able to get time to go over there either.

So this went on for several weeks, and finally he said, "Handy, you haven't seen the staircase yet?" I said, "No." He said, "Tomorrow, I don't care what you are going to do," (I was putting him on a plane to Washington D.C. at that time, and we were out at the Oakland Airport) "tomorrow, before you even go out to Lafayette, I want you to drive over and take a look and see what that fellow is really doing. I don't think he's even started it." "Oh, Mr. Kaiser, oh, I mean, uh..." I was speechless even at the thought of there not being a staircase. [laughs] And he said, "No, I don't think he's even working on the staircase."

Whether he had driven over there himself some evening or something and looked through the back window or what, I don't know. Maybe it was his intuition that maybe it was progressing too fast in his mind to be true. I don't know what it was, but he sensed that there was no staircase. I called the fellow up the next morning and said, "I'd like to come over to San Francisco. Could I come by and see the staircase?" "Oh, sure, come right around!" I can remember the place right now: you walk through the front door; there was a staircase that went up to the offices on the mezzanine, and then it was split on either side and there were big double doors that opened up to the big workshop in the back. And the double doors had glass in them but you couldn't see through too well from the front door.

When I opened the front door, the owner was standing at the top of the staircase. I said, "Are you Mr--?" (some Italian name, I can't remember now) "Yep." I said, "Well, I'm Mr. Hancock, and I came over to see the staircase." "Well, you might as well go home." "Why?" "There isn't any staircase."

Hancock: "Oh," I said, "come on now, come on, don't do that sort of thing! Come on down, let's take a look at the staircase. Mr. Kaiser's really anxious about it." And he said, "I'm telling you, you might as well go home, there isn't any staircase." Well, he came down, and I looked in the back shop, and sure enough, over in the corner was a big pile of wood, the same as it had been weeks and weeks before as he had described the stuff being delivered. And there wasn't any staircase. I said, "You mean to say that you've been lying all this time?" "Yep." "Well, why?" He said, "Well, couple of my guys have been sick, and we just haven't been able to get around to getting it started, and had some other things I wanted to finish up first, and there isn't any staircase."

Well, of course, I just about died. I just knew I was unemployed at that point. I died a thousand deaths. For some reason, I insisted that he write down on a piece of paper that he didn't have a staircase--I don't know why, but I felt that I had to have something in my hand. I called up Morry Wortman and told him, and he just about died also. He said, "Well, come on back. We'll have to call the boss, and we'll face him together."

So I went back to the Oakland office, and we called Mr. Kaiser. We told him that there was no staircase. He said, "You know, I didn't think there was one all along." But then he said, "Boys, let me ask you one thing. Have you learned anything out of this?" We assured him that we certainly had learned--and we both still had jobs.

Yet on a little thing, like shipment of that Cadillac engine that got stalled in the railroad tunnel; it really didn't amount to a hill of beans other than his personally wanting it. He drove me into almost a nervous breakdown over that one--just a little piddly thing.*

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Navy Combat Correspondent

Hughes: I believe you were in the navy during the war as a combat correspondent?

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*See Hancock's manuscript.

Hancock: Yes, but that was before I worked with Kaiser, Sr. I enlisted while at the steel mill. Well, I didn't go out and voluntarily enlist. In working for the steel mill, I could have gotten a deferment. But my attitude was, when they need me, and my number's up, they can call me and I'll go. So I didn't go out and grab the flag and run, but I didn't try to hide behind deferment once my number was called.

Hughes: Well, what happened next?

Hancock: Well, the next thing, of course, is I was shipped to Farragut, Idaho, for boot camp. I did have a little fun there. My brother-in-law, who had worked on the orange ranch and so forth, and was quite muscular and really in good physical shape--much better than I was, because I had been sitting behind a desk all this time...

Hughes: Now this is your brother-in-law, right?

Hancock: Yes, my wife's brother. I had a foster brother who was in the navy too, but he was four or five years older than I was.

But my brother-in-law and I went in together. We went to boots [boot camp] together; we went in to this physical together; we were inducted together, and we ended up in the same company in boot camp together. I had been working behind a desk, so I really wasn't too physically fit; but he had been working out on the orange and lemon ranch and was in pretty good shape. Fortunately I started exercising and doing pushups and things like that two or three weeks before we had to go, and it ended up I was in pretty good shape the next day after our first rigorous day at boot camp. He was so muscle-bound that he could hardly move! It just about killed him.

Anyhow, we went through boot camp together, and then he was sent to submarine service. But me, they didn't know what to do with a newspaper reporter. They gave me the aptitude tests, and my aptitude test came back and said I was qualified for three things: either an electrician's mate, or a pharmacist's mate, or a yeoman. I don't know how the first two ever came about, but anyhow at that time there was a billet opened up at Newport, Rhode Island, to make training aids for precommission crews. As ships were shot down out in the Pacific, they would bring what was left of the crews back to Newport, Rhode Island, and retrain them and regroup them and put them together for another new ship going out. I was with an audiovisual aids group that made all the training aids for regrouping those guys.

Hancock: I wanted to get in to the photographic end of it, so I managed to wiggle my way in and get into the photo lab. The chief was a fellow by the name of Tony Ficcilora. I'll never forget him; he was a fashion photographer from New York. The next thing I knew, he placed me in charge of the photo lab. Here I was a square knot admiral [seaman 2nd class]--that's about as low as you can get--but I was in charge of all these other people who were coming in, petty officers all the way up to first class, and chiefs. It had been a hobby, as far as I was concerned, and turns out that I knew more about photography than most of them did.

I thought, well, I'm gonna be here for the rest of the war, because everybody that was in that same area had been there for two or three years, and there was no sign that they were gonna be moved on. So I wrote to my wife, and I said, "Why don't you plan on coming on back to Newport and bring the boys, and we'll just get a rental here and I think I'll be here till the end of the war."

I had hardly gotten the letter off, when all of a sudden there came a name draft: not just, say, send us fifteen photographers and fifteen this or that or the other, but they wanted Bill and John and so-and-so, including Handy Hancock, to be shipped immediately to Pearl Harbor for a new program that the navy was opening up called Enlisted Naval Correspondents. We were to be assigned to different ships all over the fleet, and we were to write the war stories of what was going on, with particular emphasis on what the hometown boys were doing, to send back to their hometown papers.

They had grabbed me because I had a newspaper background plus a photographic background, and they decided I would just be ripe and ideal to go with the amphibs. The only time in the whole war that I ever really tried to get myself out of anything was that. I did not want to have any part of the amphibious force. They thought I would be good because I could write stories and I could take pictures at the same time. Of course, the expected longevity in the amphibs--you know, with these landings at all of these various beaches--was not very long.

I don't know what I did, but I brown nosed and I did everything I could to keep out of the amphibs, and I ended up on an aircraft carrier, the USS Shangri-La. And so I spent the rest of my war on the aircraft carrier.

I was assigned to the carrier, but I reported to the commander-in-chief Pacific at Pearl Harbor, where the naval correspondents were instructed. Because I was assigned to a ship, I had to have a battle station, but I was not supposed to be given any other duties on the ship other than my reporting. My office was in the radar storage compartment--at that time radar was brand-new and very top

Hancock: secret--and I was one of the few people they would allow in there other than the radar officer and his group. They gave me a battle station up on the bridge as the executive officer's talker, and later the captain's talker. If he wanted to pass the word to any of the officers on the ship, the talker was on the phones during battle, and whatever the orders were, he gave them to you and you were supposed to repeat them to the talker on the other end of the phone and get the answers.

It was a great place to see the war. I knew exactly what was going on at all times. I was up there where all the action was and decisions were being made.

I managed to get along with our executive officer but he had gone through talker after talker after talker until I hit the ship. He couldn't get anyone to pass the word the way he wanted it. Well, I figured, if he wanted a good talker, well I would be the best damn talker that he could get. As miserable as our XO could be, I really admired the guy for this: he was very careful to formulate his orders in the shortest and most precise number of words that he could get. When he gave it to you, he wanted it repeated exactly the same way. He didn't want you to interpret it.

So I would very meticulously repeat everything exactly the way he gave it to me, and I would repeat back to him the way I got messages back through the phones from the other end. Until one day they were having a refueling procedure going on, where ships would come alongside taking on fuel from us. He was riding the damage control officer's back something horrible. He was criticizing him up one side and down the other--"When are you going to do this? When are you going to do that?" The damage control officer, I could tell, was getting a little itchy about things. Finally, the damage control officer grabbed the phones from his talker, and yelled into them, "Tell the G-d-* exec to get off my back and I'll get the job done!" [laughter]

I said, "Yes sir." The exec looked around and said, "You got an answer?" I said, "Yes." "Well, what is it?" I said, "Do you want it word for word or do you want me to clean it up a bit?" [laughs] He kind of grinned--first time I'd seen him grin or smile for ages--he said, "I think you'd better clean it up a bit." I said, "Well, the damage control officer personally says, would you please get off his back and he'll get the job done."

Anyhow, I was up on the bridge during the whole war. The only trouble was, I was on the outside of the bridge under battle conditions and all the ports to the inside were closed with bulletproof steel--just a little slit--and I was outside with just a bulletproof railing around for protection. At that point, I was also supposed to

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Hancock: be telling the guys below decks what was going on, describing the air attacks or whatever was coming in. Every once in a while, a kamikaze would come in close and I'd say, "Sorry, fellows, I'm gonna duck at this point!" They'd just about beat me to death the next evening when I'd come below decks. "Don't leave us hanging like that!!" Anyhow, that was the way I saw the war.

I was the only enlisted man on board allowed to keep notes. I kept meticulous notes of what was going on the whole time. I was only supposed to keep enough notes for my reporting back to the commander-in-chief Pacific on the news stories, but I kept even more copious notes than that. It was a very detailed diary, and I hid it back in the radar, with all the spare parts, with the knowledge of the radar officer. At the end of the war, the exec asked me to write a history of what we'd done. He said it would be nice to get the print shops to print it up, and everybody to have a copy. He was amazed at how detailed a story I was able to come up with in such a short period of time! But what I did was I just took my day-to-day notes and started putting them together, and came up with a fairly comprehensive history of the ship. Of course, I left out a few things concerning the exec and the captain that seemed expedient.

Then there was the matter of how I was going to get my entire diary smuggled off the ship in its entirety. Not the version that we'd printed, but my version, which also included all the dirty things, including almost having a mutiny on board that nobody was supposed to know about. So I made a deal with the radar officer to keep my notes hidden in the radar spare gear, and he was the only one who had the key to get into that. Then I made a deal with the Catholic chaplain to smuggle it off the ship once we got home. [laughs] And that's the way I got it out. That way, the radar officer got a copy, the chaplain got a copy, and I had a copy, and that's it. It's a rather interesting story. I never published it. But that was my war years. And then I came back, was discharged, went back to the steel mill for just a very short time.

Public Relations Work in Southern California

Hancock: At about that time, Kaiser was starting the automobile division in southern California. This was an assembly plant at the former Douglas Aircraft plant in Long Beach. They transferred me down there because Henry, Jr., had gone there by then to handle the PR work. Then we opened up a public relations office in Los Angeles, and Henry, Jr., transferred me to be with him there.

Hancock: Henry, Jr., and I were very close. My wife and I used to chaperone and his girlfriend, Bobbie, before they got married, on their weekend trips to Lake Arrowhead. When they were married, my wife was the matron of honor, and when they had their first baby, we were the godparents of the baby, and so on. So we had that kind of an association. But nowhere along the line hardly did I ever have any association with Mr. Kaiser, Sr.

Henry, Jr., just worshipped his father. If anybody was scared of Mr. Kaiser, he was. Well, not scared, but he held him in awe.

Henry Kaiser, Jr.

Hughes: Tell me about Henry, Jr.

Hancock: Well, I don't think anybody will ever give him the credit that he deserves. When he was going to Stanford, he was manager, I guess you'd call it, of the football team. That title was a good title for being water boy. When they would have time-out periods--and this was the days when they still carried water in bottles out to the football team--he would jump up and grab the water when they had a time-out and run out to the middle of the field to the team. The only trouble is, every so often he would seemingly trip over his own big feet and go sprawling across the turf, scattering water bottles all over the place. And everybody would be laughing their heads off at him; they just figured he was a clumsy clown. Yet he'd pick himself up, go back and start all over again, and he just kept doing this. It was quite an embarrassment when it would happen.

After he finished Stanford, he took various positions in the company, like the one down in Fontana doing public relations, and he was sent up to Denver where we, at that time, were manufacturing artillery shells. He was in charge of the shell plant up there.

Hughes: Now was his father making these assignments?

Hancock: Yes.

One day in Denver, he started to get up from his desk and his legs just completely collapsed from under him. He couldn't control anything. For several days he was virtually a cripple. They put him in the hospital and they started doing tests and everything else on him, and finally it came out that he had multiple sclerosis. The symptoms then started making sense way back when he was working with the football team. Even then he was getting these blockages in his nervous system, and that was what was making him stumble and fall.

Hancock: It was progressing. Are you familiar with MS?

Hughes: A little.

Hancock: It's one of these things that, it progresses, and then you go into remission, and then progress, and then you have remission. These remissions can be short or long. You just don't know what they're going to be. In the young adult sometimes it progresses pretty fast.

Mr. Kaiser just turned the earth upside down trying to find out what could be done for it. He was after doctors in Europe and all over the United States, and anyplace that maybe could possibly have an answer. Nobody knew anything about it, the cause, the effect (well, they knew what the effect was), but they couldn't figure out what the cause was. There was no cure, or anything like that.

Hughes: Wasn't Sidney Garfield sent out on some of those forays as well?

Hancock: Oh, yes, Sid was, shall we say, chairman in charge. When I say his father, I mean his dad had Sid and anybody else in the medical group working their head off trying to find out what to do about MS.

Well, they finally did find a fellow by the name of Herman Kabat. He was a black. He was in physical medicine, as opposed to osteopathy. They're very similar; the only difference is the AMA will recognize physical medicine, whereas they won't recognize osteopathy, but they do very much the same thing.

Dr. Kabat had done work on multiple sclerosis through neuromuscular re-education; that was the proper name for it. Although most of his work had been done with paraplegics, polio, and people who had been injured in mine accidents, and things of that sort--automobile accidents and what have you--he had done some work with multiple sclerosis patients with some degree of success. There wasn't a cure, but there was at least a prolonging of the active life of a person, in which, by a series of physical exercises, you retrained other nerves (there is a surplus of nervous tissue in the body) to take over the function of the nerves that had been blocked by the sclerosis or scarring of the nerves.

So he worked on Henry, Jr., for quite a while, and showed reasonable success. He never was able to be just normal again. He always walked kind of funny and he would fatigue easily; the slightest amount of heavy work would fatigue him. But he still insisted that he wanted to do his share as far as his dad's business was concerned. He'd get up in the morning at like 4:30, 5 o'clock, and he had one of the fellows down at the health plan in Los Angeles, Jack Mullin, help him go through this physical therapy program.

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Hancock: I just wondered how in the world he did it, because it was excruciating--exercises against resistance, trying to lift and trying to pull and trying to do, particularly with his legs, to try to retrain his other nerves to do the things that his regular nerves refused to do. That kept him going quite a bit longer than he normally would have. He would have been a vegetable otherwise. But ultimately, it affected his kidneys and affected other vital organs, and in the end he died at a rather early age.

Nobody realizes just how hard he tried to keep up with his dad and his brother, because he wanted to carry his share of the business load.

Hughes: What was he like as a personality?

Hancock: A lot of people would have said that he was a mama's boy type. I think I can understand how they would do that. He adored his mother and he adored his father, if you know what I mean. Whenever his dad or his mother would come down to Los Angeles, everything had to be absolutely impeccable. It didn't matter what it was--the table had to be set just so, the chairs had to be just so, the food had to be just right. Everything had to be impeccable. You would have thought the king and queen of England were coming, instead of just your mother and father. It was almost that kind of a worship.

Hughes: Did Edgar have any of this?

Hancock: Oh, to an extent. Even though Edgar worshipped his father, he was stronger with his father than Henry. All Mr. Kaiser had to do as far as Henry was concerned was say, "Jump!" and he would ask how high. Edgar would be stronger with his father, especially in business dealings. If he thought maybe his dad was going in the wrong direction, he would in a kindly sort of way try to get him to see that maybe he might be making a mistake. But even Edgar was very very close and sentimental as far as his dad was concerned.

The two boys had a peculiar relationship with their father that you don't find normally with a father and son. I don't know just how to describe it. There was a great deal of worship and admiration there. And maybe that's why they both tried so hard to be successful, because they had a hard role to follow.

For an example, at Christmastime Henry Jr., liked to sing, and was rather sentimental in things like that. First he started making a record, one side, one Christmas for his mother and father. They thought it was real nice. He didn't have a trained voice or anything like that, but he had a nice voice, and they thought that was real nice for Junior to do for them. So the next Christmas, why it was two sides of a record, and then it got bigger and bigger until

Hancock: finally one year we went back to New York and he had a whole thirty-two piece orchestra, sound studio, and it was a whole album of records, most on the sentimental side, with songs from the Broadway shows of that era, and so on. It got a little icky every once in a while, a little thick.

Around the company, many would pooh-pooh and laugh and make fun of Henry, Jr. They didn't take him very seriously. But if they would have realized how hard he was working to try to keep up... I've seen him come home so exhausted he'd crawl up the stairs on his hands and knees, just to get in the front door of his home. Just trying to stick it out.

But that's why his dad gave him jobs in charge of public relations and things like that, which he was good at.

Hughes: But he wasn't a hard-headed businessman, from what you're describing.

Hancock: Oh, no, no. Anything but.

Kaiser Cars

Hughes: On a different subject, what kind of cars was the plant making?

Hancock: That shows how young you are! [laughter] You're not familiar with the Kaisers and the Frasers?

Hughes: Well, I am, but they're names to me. Were the cars made back in...?

Hancock: Well, the Kaisers were stamped at Willow Run and were assembled at both Willow Run and Long Beach. After the war, we took over the Douglas Aircraft plant in Long Beach for an assembly plant. The main auto plant was in Willow Run in Michigan, and that's where all the engines were built, and the body parts were all stamped out and so on. They made a model called the Kaiser and another one, a more deluxe one, called the Fraser. And then they made another one, which was a fiberglass-bodied sports job, that was really a jazzy little car, called the Darrin. In addition to that, they also made the Henry J, which was a small compact. And if the Henry J had been available on today's market, it would be a very, very popular car. But like everything else with Mr. Kaiser, he was about thirty or forty years ahead of himself all the time, and this Henry J, which was really very much like the Ford Mustang, was a very simple car. You could take care of it with a screwdriver and a pair of pliers, without all those complicated things. A real good car. The only trouble was, just like HMOs [health maintenance organizations], Kaiser was thirty years ahead of himself.

Hancock: But they were good cars. One major problem was when he went into the automobile business, he was capitalized for the entire operation for about the same amount that the Ford Motor Company spent in advertising in any one year. So he was undercapitalized all the way through. There are gobs of stories about that, but those are all in that draft I gave you.*

Bess Kaiser

Hughes: Well, one member of the immediate family that we haven't talked about of course is Bess Kaiser. I'm wondering first of all how well you knew her?

Hancock: I knew her primarily through Henry, Jr. I got to feeling like I knew her fairly well even though not so much on a personal basis. But Henry, Jr., talked about her quite a bit.

Bess was originally Bessie Fosberg, from New York. That was her maiden name. I don't know what their family background was. Of course, Mr. Kaiser's background was from a very poor, exceedingly poor, family. His father was a cobbler, a shoemaker, at the beginning. They had really no money to live on. The father had his appendix out on the kitchen table because they couldn't afford to take him to the hospital. The mother died in Henry, Sr.'s arms when he was sixteen years old, through want of medical care. That was one of the things that, in the back of his head, always made him want to do something about medicine for people.

Henry, Sr., left school when he was twelve, I believe. He struck out for himself, and borrowed five dollars from one of his sisters to try to get started on. He wanted to make some money to send back to the family to help keep them going. In his early life, he was a photographer. He would spend his summers in New York--he was born in Kanagahara, New York--and he'd spend the summers in New York state, taking pictures. You know, knock on the door, "Can I take a picture of your baby, lady?" kind of stuff. He was an itinerant photographer.

In the winter, he would go down to Florida. Finally, he found a place down there he wanted to go to work for, and this photographer said he'd like to have him. But he couldn't hire him, so Mr. Kaiser said, "Well, I'll work for commission." And so they agreed on the commission amount, and Mr. Kaiser went out. He could sell ice boxes to Eskimos. He brought in so much business for this

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*Hancock manuscript.

Hancock: guy that he snowed him under. And the fellow couldn't afford to pay the commissions that he had agreed upon, and it ended up with Mr. Kaiser owning the business.

That same store--I'm not sure if it's still there--but it wasn't too many years ago that that same store was still in existence in Florida. For a long time one of his sisters ran it. It was Henry J. Kaiser Photos, Eastman Kodak Store, "The Man With The Smile," or something like that. I've seen pictures of it.

Anyhow, during that period, Mr. Kaiser fell in love with Bessie Fosberg. This was one of those deals where, I got the feeling from what I've heard, Bessie's father wasn't too impressed with this young whippersnapper Mr. Kaiser who was after his daughter. I guess as a diversion, he gave him the old Horace Greeley story: "Why don't you go West, young man, and make your fortune, and when you can come back with a thousand dollars, why, you can marry my daughter."

So he did. He did go West, and there are a lot of stories about his early days there; I don't know whether you want them on this tape or not. But he did come back, and he had enough money that he was able to marry Bessie Fosberg.

Bess and he were very close to one another. She travelled with him everywhere--as much as she could, except when she was having babies. She had no close women friends, however. This was because, according to what Henry, Jr., had told me, she didn't trust women in any way, shape or form. She had been raised for a short period of time by an aunt, and the aunt disciplined her by taking things away from her when she did something she was not supposed to do. And she apparently developed this phobia when she was a little girl, that women take things away from you. So she just didn't have any use for women. She was not close to any of her daughters-in-law, because they had taken her sons away from her.

Hughes: Did they still see each other socially?

Hancock: They saw each other; they would put up with each other, but there was no close relationship between either Sue or Bobbie. Henry, Jr., had two wives. And there was no close association with any of the daughters-in-law.

There was no close association even, to a great extent, with the executives' wives that were in the company. Oh, they would go to the women's club together, and all that kind of thing, but it wasn't one of these things where they would like to get together and play bridge regularly.

Hancock: But she adored Mr. Kaiser, and followed him everywhere. She took care of him meticulously. In fact, she was a very meticulous woman. Everything had to be impeccably correct with everything that she did. But on the other hand, trying to keep up with him, she developed hypertension. He had one of these brains that was just like a sponge. He'd talk to you, and he'd just soak information out of you, no matter who you were. And he did the same thing with Bess.

Anyhow, she ended up with a very severe hypertension problem. I can remember one time when they came down to L.A. for the L.A. auto show, and she had one of her spells. Her blood pressure would go just ape. Henry, Jr., got a doctor to go to the hotel room, and he put on the [blood pressure] cuff, and the mercury went right straight up to the top, and was trying to spurt out of the top. The doctor turned white as a sheet, and they said to him, "Oh, don't worry, this is normal! This is not unusual at all for her. She goes to the top of these portable ones very easily."

But little by little, it started taking its toll, both on her organs, and her brain, and so forth. Toward the last she was just pretty much confined to bed, which created a problem, because they had to have nursing for her around the clock. They would send a special nurse over from the hospital, and she couldn't get along with Mrs. Kaiser. And then they would send another one over, and she couldn't get along with Mrs. Kaiser. They didn't last more than two, three days at the most, and then they were all sent back.

Finally, they sent over Alyce Pinkovich, who was nurse supervisor [at Kaiser Foundation Hospital, Oakland] and also a major in psychology. Suddenly she was the only nurse that understood Mrs. Kaiser, and Mrs. Kaiser liked her to the point where she then wouldn't let her get out of her sight, and insisted that she stay there. It ended up in Ale divorcing her husband, and it broke up her family, but I don't think they were too close anyhow. So she was the nurse there, from then on, until Mrs. Kaiser finally passed away.

Hughes: How long was that?

Hancock: I don't remember. It seemed like a fair time, but really it was relatively short. I would say, if I had to guess, less than six months.

Hughes: Do you know what there was about Ale that appealed to Bess?

Hancock: I think one thing that helped was the fact that, being a psychology major, she understood what the problem was and knew how to work around it. I don't know what it was. But Bess liked her well enough. Most people don't know this, that Bess was the one that suggested to Mr. Kaiser that after she died, that he should marry Ale.

Hancock: I don't know if I should tell that or not. At least this is what Henry, Jr., told me. But it was with her blessing and suggestion that Mr. Kaiser take a good look at Ale as a possible follow-up. I guess maybe Bess knew that he would need somebody to take care of him, and she wasn't going to be there to do it. It was her love for the boss that made her interested, and she was one woman that she could trust. She didn't trust the rest of them, you know.

Hughes: Did Bess give business advice?

Hancock: Only, I would say, from the bedroom standpoint. I mean, they would talk things over. Mr. Kaiser would tell her about everything that was going on. I don't think that she was too active in saying, "Why Henry, I don't think you ought to do this, or that," but I think she was a good sounding board. I don't think she made business decisions per se, although I don't know. I didn't know them that well, at that point. But I never got that feeling, at least talking to Henry, Jr., about it.

Executive Assistant to Henry Kaiser, Sr.

Hughes: Do you want to recount the episode that led into you becoming executive assistant to Henry, Sr.?

Hancock: Okay. There was one period, one trip I was up there in Oakland, and I went up to the apartment and did meet Bess, and so forth. The only other time I'd ever met her would be at the auto show, when they would come down for that, and it was just purely very casual things, and once in New York when I went with Henry, Jr., to make his Christmas record. I can't remember why in the world I was at the apartment in Oakland, but anyhow I was. This doesn't have anything to do with the story except that I got a chance to look at their apartment and see how impeccably everything was kept.

On either side of her dressing table mirror, she had very very fancy linen handkerchiefs that were framed and under glass and apparently quite valuable. She was that kind of person. Everything had to be just absolutely nice, perfect, as opposed to Mr. Kaiser who really all he wanted was a reasonable facsimile of the real thing and he was happy. He really didn't care whether it was letter-perfect.

Photographer for Mr. Kaiser's Engagement

Hancock: Anyhow, after Bess died, it was only a very short time--I can't remember the span but it couldn't have been more than two weeks to a month--that Mr. Kaiser announced to his inner circle--Henry, Jr., Edgar, Gene Trefethen, et al.--that he was going to marry Ale Pinkovich. Well, the lid just about went off the top of the Oakland office, because you just don't get married that soon after your wife dies, and what would it look like to the world, and so on. They did everything in the world... They didn't try to keep him from marrying her, but they felt he ought to at least wait a respectable period, like a year or so, before he married his nurse. And what would people say? They had every argument in the world why he shouldn't do it.

He was very adamant. He had always been one who never looked back. After he built the Boulder Dam, for example, with the Six Companies, he never went back to the dam. Never saw it again, after he left it, except maybe flying over it in an airplane, but he never went back to visit the handiwork. And, once Bess was dead... I will say this, he did everything almost to the point of--I almost thought it was cruel--to keep her alive. He absolutely insisted that the doctors do everything they could possibly do to keep her alive, or try to bring her back to health before she died. For days and days, they kept her alive chemically, just changing chemicals and balancing and that sort of thing, and machines, because he wouldn't let them pull the plug or let her die. And then finally she just died anyhow. But there was no question in anybody's mind that he wanted her to stay with him.

But once she was dead, she was dead. There was no reason to look back and mourn any further, and so he decided he would remarry. And I must say, it shocked the pants off of everybody who knew anything at all about it, and not very many people knew.

So they finally couldn't dissuade him, and when they couldn't do that, they figured they had better keep control of the announcement at least, so that it didn't get out like a nasty rumor and get blown up all over the place by the international press. If there was going to be a release, they wanted to be the first ones to release it--to control it. So everybody was sworn to absolute secrecy. One of the things that they needed was a picture of Ale to go with the news story that they were going to have written and released at such-and-such a date.

They didn't dare call any of the company photographers, because then you'd just know that somebody would [whispering sound] around the office, and the next thing you'd know the grapevine would have it all over. They didn't dare send her over to San Francisco to a

Hancock: portrait photographer there, because somebody would get smart and figure something out. So I had done a lot of amateur photography at this point, with portraits and so forth of Henry, Jr., and friends and so on, and Henry, Jr., said, "Well, I know somebody that we can get up here that I know you can trust to keep his mouth shut. Why don't we get Handy up here?"

I got a call from Henry, Jr., saying--I was at the L.A. PR office at that time--"Handy, can you get up here tomorrow morning and be ready to take pictures? We've got some real important pictures to take. I can't tell you what they are, but they are important." I said, "Well, I'll do my best. What do you want--black-and-white, color, movies, stills, what?" He said, "Just come prepared to take anything. Come and be prepared to take the best pictures you've ever taken in your life." I said, "Gee, you know, that's a lot of equipment." He said, "I don't care how much equipment it is, just bring it up."

Well, I called Barbara and asked her to pack a suitcase and meet me at the airport, and I got ahold of some friends that had some equipment and lights that I could borrow there in L.A., so I didn't have to go home and get them. I think I came up with three hundred pounds of overweight luggage.

I got up to San Francisco, and the fellow that met me there was a long, long friend of mine, Roger Docking, who was Henry, Jr.'s male secretary. He met me, and we got the car loaded down. As we were driving over to Oakland, I tried to find out what was going on. He said, "Handy, I love you like a brother. But this is one time I can't tell you a thing. All I can tell you is, tomorrow morning, take the best pictures you've ever taken!" [laughs]

Well, I went to the Leamington Hotel, which was right across the street from the old Kaiser building on 1924 Broadway. I loaded the film holders in the closet, because that was the only darkroom I could find, at night with all the lights out. The next morning a couple of guys from the office came over to help me haul all the stuff across the street. Still nobody would tell me anything. Then the elevator up the nineteenth floor, and into Mr. Kaiser's office. When I got up there, his secretary, Edna Knuth, closed the door, and said, "Now, we can tell you what you're here for."

Well, when they told me that I was going to be taking the portraits that would be released to the world, announcing that Mr. Kaiser was going to get married, I died on the spot. The worst thing that you can try to do is take a woman's portrait. To try to get something that any woman will say really is what she likes, I mean that's the worst thing that you can be asked to do.

Hancock: Anyhow, Knuth acted as the model, and I set up the lights, and got everything all adjusted. Pretty soon, Mr. Kaiser and Ale came roaring through the door and Mr. Kaiser said, "Well, are you ready?" I said, "Yes, I'm ready." So Ale sat down, and I got behind the camera, but I really didn't have to take any pictures or do anything else--he had been a photographer. So all I really did was put the film holders into the camera, pull the slide, put the slide back in, snap it when he said to go, and then change the film holder and pull the slide again--he did all the directing. Believe me. He said when to push and when not to.

So after about twenty-four films, he said, "I think we've got enough here. When can I get these?" I said, "Well, if I can get a darkroom, I can have wet prints to you in about a half an hour." "A half an hour?" I said, "Yeah, but they're going to be wet. They'll be between paper towels." "Get him a darkroom!" He told me where he would be in thirty minutes; he'd be over at the apartment having lunch with Sid Garfield and Ale--I don't remember who else was there. Oh, Helen I guess. Well, I don't know if Helen had married Sid at that point. Helen was [previously] married to a fellow that was in Kabat Kaiser Institute. [muttering] I don't remember. I think the marriage was after.

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In exactly a half hour, I came through the door with the wet prints. He was delighted, and they made their selection, and sent me back to make some dry prints. Well that night of course I had to haul all the stuff back to the airport and go home, completely wrung out and absolutely exhausted from the whole ordeal. And incidentally, she was delighted with the pictures, which was dumbfounding. I mean, you just don't normally find a woman who likes a picture that she has taken for a portrait.

Arrangements for Mr. Kaiser's Wedding

Hancock: I went down to L.A. thinking that was the last I would see or hear of Mr. Kaiser. About a week or two later--can't remember now what the time spans were--I got a call from Henry, Jr., again, saying since I was closer to Santa Barbara than anybody else, could I go up there and make arrangements for the wedding. They wanted to get married in such-and-such a church there, and have the reception at the hotel in Santa Barbara. Also that I should talk to the minister personally because they just might have a problem. The minister wasn't sure that it was best for him to marry them after such a short time span.

Hancock: I said, "Well, Henry, if that doesn't work, why I just happen to have a minister in my hip pocket that I can always pull out at the last minute," thinking of my father. I said I would go up and see what I could pull together.

So I went up to Santa Barbara, made the arrangements, saw the minister, and he said he thought he understood, and he would marry the two. He could see a real fat fee going out the window otherwise, I'm sure. So the inevitable day came for the wedding. I was there, and this same friend, Roger Docking, was there. We were going to be the chauffeurs to meet everybody.

We went out to the airport, and it was a very very dismal foggy day, and the clearance, the sightline, was just very very short. I shuddered at people coming in in that kind of weather. First came in the company DC3, I think it was what they had at the time, and that held Ale and her two sisters, Helen and Dorothy. Roger took them into the hotel, to get them bedded down.

I was waiting for the other plane, which was a converted bomber. Kaiser had a hard and fast rule, except for that day, that no two top executives travelled together in the same aircraft, any aircraft. They always travelled on separate flights. But on this particular day, we had Henry Kaiser, Gene Trefethen (the number two man), Edgar Kaiser, and I think Sid Garfield, the head of the hospitals, in on that one. Seemed like there was another one. There were five top execs. If that plane had gone down, it would have wiped out the brains of the organization.

The first time and only time that that number of top execs ever flew together, and they were all on this converted bomber coming in on a low overcast, and I was kind of wondering what in the world they were going to do. Well, sure enough, the thing did come out of the fog, and down on the runway, and I took them to the hotel.

At the appointed hour, I think it was an hour later after they had rested up and gotten their clothes changed and so forth, I took in my car Henry, Jr., Mr. Kaiser, Sr., Gene Trefethen--I can't remember who the other one was, probably Mr. Edgar, but I had a carful. They were all the top execs. Roger had taken the ladies to the church. When they got out of the car, I said, "Good luck, Mr. Kaiser," or something like that, and they all went trooping into the church.

I didn't even get invited to the wedding. I sat on the curb outside while it was all going on. A little later on they came rushing out, the bride and groom, and I opened the door and they jumped into the back of my car. I said, "Congratulations, Mr. and Mrs. Kaiser," and turned around and drove back to the hotel. No more was said.

Hancock: They all went back to the hotel and had a reception and I sat on the curb again, because I wasn't invited to that. Then it came time for them to catch their plane to go on their honeymoon, so they jumped in the back of the car and I drove them out to the airport again. This time one of the radio station reporters was out there trying to get an interview, but I was able to stiff-arm him and let them on by, and get on the plane [the DC3]. I said, "Happy honeymoon," or something like that to Mr. Kaiser, and the plane doors closed and, whoosh, off they went to Bermuda.

Appointment as Executive Assistant

Hancock: So I went back to the hotel, and went into Henry, Jr.'s room. He was laying out on the bed just completely exhausted from his MS and the nervous ordeal of the whole thing. When I came through the door, he leaned up and said, "What did you say to my father today??!!" I said, "Henry, I haven't said half a dozen words to your father today! Why?" "Oh, you must have said something. Did you have any conversation or anything with him?" I said, "I said, 'Hello, Mr. Kaiser' when he got off the plane when he came in, I said, 'Good luck, Mr. Kaiser' when he went in to get married, I said, 'Congratulations' when he came back, and I said, 'Goodbye' when we got him on the plane for the honeymoon. That's all I said to him all day long!"

Well, he said, "You must have done something, I don't know what, but don't be surprised if, when they come back two weeks from now, that you are asked to come up to the Oakland office to be his assistant." I said, "Oh, he doesn't even know I'm around." "Well, don't you be surprised."

And it was two weeks to the day when I got the orders to close the L.A. office and move to Oakland. Anyhow, if it hadn't been for taking pictures, I would never have worked for Henry Kaiser.

Hughes: That was the episode that did it?

Hancock: Yes.

Mr. Kaiser and Medicine

Hughes: You mentioned in passing Henry Kaiser, Sr.'s interest in medicine. I thought that business of carrying a pill satchel was worth repeating.

Hancock: Well, everywhere he went, he carried a little medicine kit. It was about the size of a lady's vanity box, about that size and shape, and he had that stocked with a very wide variety of pills of one sort or another. He wasn't a tremendous pill-taker himself, I don't believe, I mean he wasn't always popping pills like a lot of people are, but he did have a pill ready if he needed something for a cold or anything like that. If he felt he was coming down with it, or something, if he had a headache or what have you, he did have it available.

And he had an ample supply of everything that you could imagine if anyone with him was getting sick or something, because he didn't want to waste time with somebody on a trip, if they were to be out sick. He loved keeping antibiotics around.

Anyhow, there was one time in Detroit or Chicago--one of the Eastern cities, he'd been on a trip--and the taxi driver, in loading baggage in the back of the car, caught his hand and cut it. The next thing you knew, Mr. Kaiser had his little box out, and he was bandaging the taxi driver up, getting him first aid on the spot.

You just didn't dare mention that you thought you were coming down with a cold or something, because he'd be in that pill box. [laughter] And he carried it, not only on trips, but he had it back of his desk in the office when he was there. He would be always feeding pills to somebody, and being his own diagnostician. So we got so we would never even mention that we felt bad or anything like that in his presence, because you didn't know what in the world he was going to be putting down your throat next.

Did I have in there the story about Kaiseritis?

Hughes: Yes.* You might explain that a little further.

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*See Hancock's manuscript.

Hancock: I think that's one more that's worth repeating, because anybody that worked with him, because he was such a sponge and he just absorbed you--your mind and your work and anything else--anyone who worked with him very close, all of his executives and so on, sooner or later would get the shakes or couldn't sleep. Well, a lot of them had ulcers. There was a particular pill the doctors at the Kaiser clinics would dispense, called RX 5B. They would dispense that to the various executives. It was their cure for what they diagnosed as "Kaiseritis."

It was a common expression around the office, "Oh, you've got Kaiseritis, huh?" This went along fine until one day Mr. Kaiser heard about Kaiseritis, and he didn't think it was very funny at all. [laughs] At that point, the word went out not to diagnose these nervous symptoms that all the executives were going through as Kaiseritis. But I lived on these RX 5B pills for... I don't think I would have existed if I hadn't had them.

Finally one day, Dr. [Fred] Pelegrin at the Walnut Creek clinic--he was the one who kept me supplied when I came over here to Hawaii. I'd write to him and he'd send me another big jar of these things. So after the Hawaii hospital got started, they didn't know anything about RX 5B. I asked Dr. Pelegrin to send me the prescription for it, and then we could make them up here and we could get off his back.

When the prescription came through, it was a combination of phenylbarbitol and belladonna. One is an upper and the other is a downer. It was described as an "antispasmodic." [laughter] I took a rather dim view of RX 5B from there on out, but I still took it--antispasmodic! [laughs]

Hughes: On his eighty-fifth birthday, which was several months before Mr. Kaiser died, he apparently told reporters, and I have a quote: "Of all the things I've done, I expect only to be remembered for my hospitals. They're the things that are filling the people's greatest need, good health."

Hancock: Well, I think he was prophetic on that. I think in the final end, you give it another fifty years and most of us who have had anything to do with Kaiser are dead and, shall we say, the second string are all gone, the hospitals will be the only thing that he will be remembered for, other than what is recorded in history. The rest of the empire is disintegrating.

Hughes: And do you think that maybe was the facet of the whole business that was closest to his heart?

Hancock: Well, it's the thing that had the most staying power, mainly because of the manner in which it was organized. Much of the profits that were made always went into the Kaiser Family Foundation. Inheritances that were made went into the Kaiser Family Foundation. Very very heavy financing went into the Kaiser Family Foundation. Even as things would be sold off, much of the profits from those would go there.

Now that the rest of the empire... It's too bad to say it, but it's disintegrated to the point that it's almost no more. There is no more Kaiser Steel; there is no more automobile division; there is no more radio and t.v. division. It looks like aluminum is on its way to be absorbed by somebody else. Kaiser Cement I guess is still going, but slowly. They've sold off the plant here in Hawaii. The empire that he built, nobody has kept it together.

I think the hospital deal, unless somebody pulls just an absolute bonehead, financial bonehead trick, or unless with all these unfriendly mergers that are taking place these days, unless something like that comes along to gobble it up, I think it does have the staying power. It has the financial stability behind it. But he was probably very prophetic when he said that. He probably could see ahead that these other things were not going to last too long, because he didn't have people with enough strength and vision to get out there and keep them going.

Mr. Kaiser's Retirement in Hawaii

Hughes: The next set of questions gets us into Hawaii.

Hancock: Okay.

Hughes: I believe that Henry Kaiser retired, if you can use that word, to Hawaii in 1954. Is that right?

Hancock: Well, it was a transitional sort of a thing. First, after he married Ale, he had been planning on building a house at Lafayette. He had come over here to Hawaii with Bess, just on a vacation. She fell in love with the Islands and the atmosphere and the architecture over here and the open lanais, and all that kind of thing, the flowers, gardens built right into the house and so on. The architects had designed a lot of that Hawaiian flavor into the house that they were going to build in Lafayette.

Hancock: She died before the thing really got off the ground. He and Ale then came over, I guess the first time just on a short visit--I can't remember exactly--and Ale fell in love with the Islands, too. This was about the same time that Mr. Kaiser was trying to do anything in the world to try and make aluminum and automobiles go. He had gone into the aluminum business against the advice of practically every one of his advisors. This was one of the few times that he said, "I don't care what you say, we're going to do it."

I really don't know why he went into the automobile business, but it was just something he wanted to do. Both of them were having problems. On this one trip that he made over here, a fellow by the name of Vance Fawcett, who used to be a public relations director for Kaiser in Oakland who had come over here for... Well, Vance drank pretty heavily and they finally had to release him from the Oakland office. He came to Hawaii and started his own advertising agency. He happened to be a brother-in-law, I think it was, of Gene Trefethen, of all things. Anyhow, he's related there somewhere.

Vance met Mr. K. at the airport and brought him to the t.v. station, because they were having a t.v. auction kind of thing for charity. And so Mr. Kaiser was on the air for, oh, half an hour or so, auctioning things off. The next day suddenly he discovered that everyone in town that he met not only recognized him but had seen him on t.v. Although t.v. had been around for many many years at this point, Mr. Kaiser suddenly "discovered" t.v.

[tape interruption]

Hancock: He also discovered that television stations would use movies even if they had some advertising built into them, because television wasn't as sophisticated then and there wasn't that much programming. If you had a movie, and it plugged your product a little bit, you could get that on t.v. for free. He decided, why pay for advertising if you can get it for nothing?

Movie Production

Hancock: So I got the job of trying to come up with putting together some movies that could be made over here in the Islands, because he felt very close by this time to the Islands; everybody liked it and he liked his couple of trips here. We put together two very corny movies. One was designed to build in every kind of conceivable scene that we could have automobiles of some sort running in. Obviously there were nothing but Kaiser cars that were in these scenes, to plug the automobile business. I can't remember the name of it--oh yes, "The Hawaiian Incident."

Hancock: In this particular movie, it climaxes with this young handsome marine driving past Hanauma Bay, hearing this blonde damsel who was stranded out in the middle of the bay, screaming and yelling, "Shark!! Shark!!" And he just happened to be driving one of the new marine submersible jeeps that had a snorkel on it. You could drive the car completely under water as long as the driver's head and the snorkel could stick out of the top. And we built them--it was our product. So he drove out and he rescued the fair damsel off the reef from the shark in this submersible jeep. That was the story.

The other one was kind of a corny thing called "Munimula Eivom." It sounded a little bit like a native word, but "Munimula Eivom" was actually "Aluminum Movie" spelled backwards. He had built an aluminum catamaran at Lake Tahoe that he shipped to Hawaii to use in this movie as one means of showing all of the various and sundry ways you could use aluminum.

I was supposed to bring this movie crew over. It was a commercial crew from Hollywood, a hand-to-mouth type of operation though, and we were going to do these two movies. One was going to be with Alfred Apaka and Queenie Ventura. She was a beautiful hula dancer over here and Alfred at that time was the romantic singer that everyone fell in love with. They were the stars of both movies, I should say.

I had hardly gotten into my hotel room down at the Reef when Mr. Kaiser and Mrs. Kaiser suddenly arrived at the Royal Hawaiian [Hotel]. I didn't know they were coming, and I think they just decided on the spur of the moment to come over. He insisted that I pack my bag and come up and join them in their suite.

But they would come and go like that. I was scared to death that he was going to drive me out of my mind on this movie, but instead he and Ale got interested in everything else that was going on. They fell in love with the Islands, and I guess that was really what made him decide that this would be a good place to retire to.

At the hotel, he found out that there was a tremendous amount of unemployment in the Islands. People would work for seventy-five cents an hour in a cabinet shop because it was more steady work than a dollar and a quarter an hour out in the field building houses. The people in the hotels only worked about two or three months in the winter season, and about two months or so in the summer, and the rest of the time you could shoot a cannonball down the center of Waikiki and not hit anybody. The Hawaiian economy was a very depressed sort of thing and it bothered Mr. Kaiser.

Hancock: Off and on, he tried for months to come up with something that he could produce in Hawaii that would make jobs--especially something that could be made from his favorite metal, aluminum. He had me running forecast after forecast on shipping aluminum to the Islands and fabricating it into things like garage doors, window and door frames, jalousies, containers, barrels, etcetera, and shipping the finished product back to the mainland market. He thought with all the available cheap labor, maybe he could compete. Every time he'd run a forecast, it was not feasible because of the cost of shipping material both ways. Finally, he came to the conclusion that Hawaii didn't have any natural resources; it didn't have any raw materials; it didn't have any power for industrial-type things, but it did have one natural resource, and that's the best weather in the world. And that tourism was going to be the most important asset.

Construction of Hawaiian Village

Hancock: So he came to the conclusion that if that was going to be the case, then he was going to build the best tourist attraction he possibly could if he was going to create jobs and improve the economy. And that's how he got started in the Hawaiian Village Hotel, with Fritz Burns who was his partner. Well, that's another long story. But little by little he moved to Hawaii. He didn't just say, "Today I'm going to do it," and then come over and do it. He just kept coming back and forth, and he'd stay longer here than he did before.

Finally, he came over and bought a home in Kahala at the end of Hunakai Street on Kahala Avenue. Of course, he immediately started remodeling that, and building an outdoor lanai and a new swimming pool, etcetera. He was always a compulsive builder. Then one time he wanted to get into building houses over here, and he found a place on the side of Diamond Head, overlooking Kahala. He brought Fritz Burns over to see if maybe they could go into a joint venture on that, because he and Fritz had joint ventures in housebuilding in southern California down in Panorama City after the war. They decided against the first property they looked at.

Then he finally bought the property at the Hawaiian Village from a very interesting Jewish character from New York who had been out here during the war producing his own brand of Five Islands Gin and Five Islands Rum, and selling it to the sailors and the soldiers during the war down on Hotel Street. He had made a fortune on that during the war.

Hancock: Anyhow, Kaiser bought the Waikiki property for about a million dollars from this fellow named Jerry Zukor. Mr. Kaiser and Mr. Burns thought he had a gun in their backs when they found that they had to agree to pay a million dollars for the property, but it sold very readily to Hilton five years later for something like a $4.7 million profit. [laughs]

But his transition to Hawaii was over a period of two or three years before he finally said, "Okay, now I know I'm home and I'm staying here." He had had a cement plant here before. It was a distribution plant. They would make the cement in northern California and ship it over here by bulk carrier. They would siphon it out like a big vacuum cleaner into silos, and then they would bag it over here. In the old days, all the cement that came into the Islands, it all came in already bagged, and the poor stevedores, they had to unload that stuff out of those hot holds on their backs, physically. This completely changed the cement distribution in the Islands.

It was fortunate for the Islands that he did do that, because when the Japanese hit Pearl Harbor, his silos happened to be full. And they immediately had cement available to try to rebuild Pearl Harbor overnight, and it was a salvation as far as the Islands were concerned, for the war.

Then also, nobody else wanted to pay the money to put in a facility like that, the bulk carriers and what have you, so he had the cement business all to himself. Nobody was competing. That was one other reason why he thought that maybe this would be a good place, because he did have a little business down here that he could work with.

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Frank Justice was the manager of the cement business over here, and he had lived the life of Riley because really there was no competition. He would come to work when he felt like it, and he spent much of his time at the country clubs. He really had a real good thing going. Until suddenly Mr. Kaiser arrived, and decided he'd move into the cement plant office. He had Frank's office cut in half so that he had an office and Frank had an office, but Frank's life was never the same after that. There was just no justice! [laughs]

I can't say what year you could put down even as when he finally was pretty much here [thumps table] and not in Oakland. Even when he was here, he would still go back and forth and back and forth. But he would spend longer periods before he would go back.

Hughes: Does that mean he was leaving more responsibility with the people on the mainland to handle those affairs?

Hancock: Well, this is the reason he came over here. He realized--I think he knew himself better than anyone else did, really--quite a long time prior to his actual retirement that his days were numbered. He could tell when he was seventy that, actuarally, there weren't too many years before him that he could keep on going. He also knew that as long as he stayed in Oakland, "the boys," as he called them, the heads of the divisions, would come to him for the final hard decisions. And he knew as long as he stayed in Oakland and they came to him, he would inevitably get in the middle of it and participate. And he also knew that unless he got out of there, they wouldn't stand on their own feet, and he wouldn't have any kind of team left to carry on, unless he did get out.

That was one reason he made this transition. He knew Hawaii was within five hours or six hours of getting back, if they needed help. It wouldn't take him very long to get there. And yet, on the other hand, he wouldn't be underfoot for every single decision that came along. That's really the main reason he came to Hawaii. He didn't know any place that was any better, and both he and Mrs. Kaiser had fallen in love with Hawaii, and--c'est la vie!

One more thing I want to add while I'm on that trend. Although he came over here to retire, by the time he got through with the Hawaiian Village, building the hospitals, building a cement plant out in Nanakuli, and getting the Hawaii Kai housing project underway, he dropped about eighty million dollars worth of fresh capital into the Islands, not to count the amount of additional money that was generated just by that capital revolving and revolving. It was one of the reasons why Hawaii suddenly--that and statehood--became a very "boom" place.

Hughes: What was the reaction of the populace in general?

Hancock: The people, the public in general, loved him. The big five [Hawaiian companies] at that time were pretty much still in control. They had been broken up a little bit by the war and the military taking over, but the big five were still in control of the Islands. They controlled the government; they controlled business; they controlled who came and who went, and how the stuff was shipped in. They hated his guts. They had no use whatsoever for him; they didn't want him here. Sears-Roebuck tried to come in first. They did everything in the world to keep Sears from getting a foothold here, to keep them from buying a piece of property big enough to put one of their stores anywhere within the mercantile area. To beat the Big Five, Sears had to secretly buy a number of parcels and finally consolidate them to get a big enough piece for their first store--now the police building.

Hancock: Kaiser, too, was not welcomed with open arms except by the people. The taxi drivers, and the laborers, and the carpenters--you know, the average guy on the street--they loved him. They would do anything in the world for him.

Hughes: Why?

Hancock: Well, they could see that he was trying to do something for the people, and was creating jobs. He was getting it to a point where the sons and daughters didn't have to live with mamasan and papa-san, all jammed up in one house. Instead, they were beginning to get to a point where they could buy their own houses and have their own family units, and so on.

He was very very highly admired by the rank-and-file, shall we say. But the ones that he was competing with, the fellows in the big five and Matson [Steamship Company] and so forth, they were not friendly. We would order material for hotels. Part of it would get delivered, and part of it would be still left on the docks. And there was no way that you could go ahead without all of it.

He finally went to the head of Matson and said, "Look, either my material gets here as ordered and doesn't get shifted around, or I'm going to start my own steamship line." And Matson knew that he could do it, because he already had his cement ships coming in. He was already in the shipping business. From that point on, our material started getting here expeditiously. But there was a period there where things somehow just never did quite all get on the ship, some of it would be left on the dock, some would get on a ship that was loaded in such a way that it would go off to Hong Kong or Singapore, and have to come back because they forgot to off-load it--all sorts of crazy things.

Hughes: Was he accepted in society?

Hancock: Oh, politely. But not warmly. In the first place, he and Ale were never themselves very social. If there was going to be an opening or something like that, they would get invited, but they did not belong to the Pacific Club and golf clubs and that sort of thing. Oh, I guess he was a member of the Waialai Country Club because it was a good place to have lunch. They didn't have time for clubs. Whenever they entertained, it was usually their own social group. They had a few in town that they brought in, but mostly their entertaining was with business associates or people who were doing business with the company, or company executives coming over from the mainland, and so on.

There would be occasionally people like Eddie Albert, or someone like that, who usually was trying to figure out a way to get him to sponsor a movie or some fool thing. They were not really socially inclined as the rest of the hoi polloi were.

Ale Kaiser

Hughes: I know Ale was very interested in the medical program. Did she also have an influence of any kind on the business enterprises?

Hancock: I think she had a lot of influence, much more so than Mother Kaiser, and much more so in the health plan operations. Of course, she and Sid Garfield were very close because they had worked very closely in the Oakland hospital. She was the chief of nurses there for a while, I think it was, under Sid's tutelage. Then, of course, Sid married her sister, Helen, and that threw them together an awful lot. I think Ale had a lot of influence over the, not the day-to-day hospital operation, not trying to make the place pay, but more over the theory of how a hospital should work and the theory of how the nursing care could run better if it were done this way instead of that way. She was quite active in that sort of thing. Sid and Helen were under their roof an awful lot of the time, and so they had many casual conversations around the dinner table.

Hughes: They lived next door to each other, didn't they?

Hancock: Well, in Lafayette they did. They were neighbors. But over here, well we called it the guest house, but Sid and Helen were in the guest house more than hardly anyone else. They were over here quite often.

Hughes: What is Ale like?

Hancock: A very warm, very friendly and loyal person. I don't know how you would describe her. My wife would have to help describe. She was more of an athletic sort than... Mother Kaiser and she were just 180 degrees opposite. Ale liked to go fishing. Well, she liked fishing more than anything around here, because that was about the only thing you could do around here if you don't play golf--and she didn't. She was a good manager. She took awfully good care of Mr. Kaiser. In spite of their age difference, she mother-henned him all over the place.

Hughes: Did he like that?

Hancock: Yes. But she would never let him gain full control at home. Their house was her kingdom, and she was going to run it. And if he was trying to make some changes in her house, why those changes had to be done with her approval, otherwise she'd be all over him like a hen protecting her chicks.

Hancock: Mr. Kaiser was a compulsive builder; he was always wanting to change this or change that, and if it wasn't something she wanted done, she would jump all over him about it, sometimes over just little piddly things that really didn't amount to a hill of beans. I asked her one day, "It seems like you're awful hard on the boss sometimes." And she said, "Handy, I've got to be. I've got to stay ahead of him. I've got to always have him have something, as far as I'm concerned, that he can't completely control. Because if I don't, I will end up like Mother Kaiser with hypertension."

But she was very warm, very generous. One of the most generous people I've ever seen, particularly where they had duplicate Christmas gifts and lots of things they didn't need or use. She'd give the stuff away, if she felt she had too much of something, and was very generous with the people that were around her. I don't know how you would describe her.

Hughes: You did a pretty good job.

Hancock: [laughs]

Hancock as Construction Project Manager

Hughes: Getting back to you, at one point, and I think it was in 1956, you and your family decided to move back to Piedmont, California. What prompted that?

Hancock: Well, to start out with, I was brought over here after we bought the property for the Hawaiian Village. I was brought over here to be the project manager for the first phase of the Hawaiian Village Hotel, which was taking all these termite-ridden hotel rooms that Jerry Zukor had been using as the Niumalu Hotel. Many of the ILWU people lived in a sort of slum area next door. Harry Bridges was a regular guest at the hotel so he could be close to his henchmen. So we were going to move all of these little cottages, which Zukor had been renting two and three times a night--you can imagine what kind of business these people were doing--from the ocean front up to the midpart of the property and cluster them around a couple of swimming pools. There was a nightclub called the Tapa Room there. It had a pretty good floor show from a local boy standpoint. They had some pretty rough-and-ready times, but it was a place where the local Primo Beer drinkers came and kicked up their heels.

Hancock: Anyhow, that was going to be the main dining room and the showcase for Alfred Apaka, when they could get him hired out from under Don the Bootlegger, otherwise known as Don the Beachcomber [laughs] in Waikiki. And there would be these swimming pools and the Tapa Room, and that would open up the property down by the beach where we could start building the first of the Hawaiian Village hotels. This was supposed to take the better part of the summer, and I was supposed to come over with my family and handle the project as far as construction was concerned. We thought it was a three-month assignment.

Pat Burns, who was Fritz Burns' son and Mr. Kaiser's partner in all this, was going to come over and take care of the decorations and the furnishings and so forth, because that was his long suit. We had very little time to get this thing done.

I was told that we would be finished by Labor Day, and then I could go home. I worked my tail off. In fact, I was here several weeks before I ever made the first trip around the island. We were here for weeks, weeks, before I was even able to take the family out to Hanauma Bay for a picnic. We were working from dawn until dusk trying to get these things done. We'd hired Samoans from Laie to come down. We put fake roofs over the top of the regular roofs and put palm thatch all over that so it would look very atmospheric, which it did. I lost my train of thought. What was the subject you were asking?

Hughes: You were telling me why you decided to leave.

Hancock: Well, I was going to say, we worked our tails off, and then sure enough, on Labor Day or just before then we opened the doors, and nobody arrived to stay at the place. But nevertheless, the job was complete.

In the meantime, Mr. Kaiser had gotten started on building a three-story hotel, entranceway shops, and restaurant called the Ale Ale Kai Room down on the waterfront. He'd also gotten started building the Longhouse, which was kind of a meeting place or an auditorium, and he'd also started building a little spa, because he thought it would be nice to have a spa available for all the tourists. My stay at the place began to lengthen out.

Barbara was on the mainland with the kids, and we had a home there in Piedmont, and I was out here baching it. Only occasionally could she fly out and spend a week or so, and then she would have to go back because that's where the kids were. They had come out during the summer while we were moving all these houses around. That was real great, although we were roughing it pretty much the whole time. But when school started, she had to take them back. I was out here living and she was back there living and this thing kept getting longer as Mr. Kaiser dreamed up more and more building to do.

Hancock as Resident Hotel Manager

Hancock: Then he started the Ocean Tower, which was a fourteen story hotel building down on the waterfront. I had been jerked out of the construction end of it for a while, because our resident manager was stealing from us, and we were going broke at the same time. He just called me up one night and said, "Handy, I think you'd better take over the hotel; I don't think our manager's honest." At which point I had never operated a hotel or anything like that, but suddenly I was the manager.

None of the hotels up the line wanted to see us make a success, so I couldn't go up and talk to Roy Kelley or the guys up at the Royal [Hawaiian] or anyplace like that to find out what do you do, what do you look for. So I had to worry it out myself. Within a year, we got it to the point where we were breaking even. At that point, we made a deal with the Western Hotel people to come in as a management partner. They bought and supplied all of the expendibles--sheets, pillowcases, furnishings--that was all theirs, so they had a financial interest in the thing.

They took over the operation of the hotel, and I went back to construction again. By this time we had built the fourteen story hotel, and he was getting ready to start another--the thirteen story one--and this was just going on and on. We'd hardly get one thing done and he'd come up with another one that he wanted to do. It was getting to be very obvious that we were not going to be going home very soon. That wasn't the bargain.

At this particular period--I guess it was summer again--Barbara and the kids were here. Finally I could just see that it was going on and on and on and he was getting pushier and pushier and pushier and I was getting tireder and tireder and tireder, getting to that nervous breakdown point again, and I'd fulfilled everything I had said I was going to, and it was time to go home.

Well, I could never find a time, a good time to say, Okay, this is it. And I knew if I asked he would find a reason to delay me longer. I figured the only way I was going to get out of there was just to plan on leaving. So I bought airplane tickets, and went up to him one day--caught him in the office--and said, "Mr. Kaiser, I think I've done everything that I agreed to do, and a lot more. Really, my family and my home and everything else is back on the mainland. We're going to be leaving a week from Friday to go home." This was like on a Monday.

"You...you're going to leave?"

Hancock: I said, "Well, yes, I mean, you know, after all, everything we've got is back in Piedmont and we're living just out of a suitcase here. It isn't much of a life, and we've got to put our family back together."

"Well, when are you leaving?"

"A week from Friday."

"Well, okay, fine. Great." And that was it. He didn't try to talk me out of it or anything else. But at that point, I found I had an attribute that I hadn't known about; I had suddenly become an invisible man. After that, whenever he'd be walking down the corridor and I'd approach, or he and the Western Hotel people would be standing there talking about something and I would come up, they'd say, "Hi, Handy!" and so forth. He'd look at me and look right straight through as if I wasn't there. No recognition whatsoever. You wouldn't even know I was around. He didn't call me to do anything. He didn't ask to get anything done. I was suddenly persona non grata.

I said to Barbara, "I can't leave the Islands this way." So the afternoon before we were going to leave, I went over to his office and I said, "Can I see you for a minute, Mr. Kaiser?" He was in there alone.

"Oh, hi Handy, come in. Sit down."

I said, "Well, the reason I came is I'm leaving in the morning. I just wanted to tell you that I have really appreciated the time that I've spent here with you and..."

"Oh, Handy, have you seen the report on the hotel occupancy lately?"

"Yes, that's real great. It's growing every day."

"Yes, it is. We're getting there."

I said, "What I really wanted to do is just tell you how much I appreciated working with..."

"Oh, well, Handy, would you get so-and-so on the phone?" [laughs] He wanted to do <u>anything</u> except say goodbye.

Anyhow, to make a long story short, he gave me his blessing to go, and we left. Got back to the Oakland home office, and it was the most dismal place that you could ever go to. We got back there, where they have their hierarchies--managers, and assistant managers, and the assistant assistants--you know, the caste system. And the managers' wives didn't speak to the assistant managers' wives, and

Hancock: it was back to the old caste system. I had a job which I wasn't sure I would have; they gave me a job in the Kaiser services. Can't even remember what I was doing, but it didn't amount to a hill of beans. I was bored stiff.

I was back there a couple of months, I guess, something like that, and one night our telephone rang. We were sound asleep, of course, which was when Mr. K. usually called. He said, "Handy, I've got a problem over here. We're building..." I don't remember what, one of the units. "Nothing is going right. Could you come over just for a little while? You don't have to stay, but just come over for a little while and get it back in shape so that we can finish it up." Well, I was talking with one hand and packing my bag with another, [laughs]. I told Barbara, "I think what we'd better do is just face the fact and move to Hawaii." Which we did.

Hughes: And you're happy that you did?

Hancock: Yes. It took a few more years off of me, but it was just too staid and too stodgy and too boring when I got back to the head office. No excitement.

Hughes: I have about two questions about personalities. But have you had enough?

Hancock: No, go ahead. Everything we do today we don't have to do tomorrow.

Sidney Garfield

Hughes: I was wondering about your impressions of Sidney Garfield. Did you have many dealings with him?

Hancock: Well, my dealings with Sid were more from a social standpoint than they were business or hospital standpoint. Sid was a visionary at the beginning, starting this whole thing [health program] out. He acted like a very easygoing sort of guy--he almost walked like a step-and-fetch-it, if you know what I mean [laughs]--really not quite to that extent, but he was a very hang loose, laid back type of person. But on the inside a lot of the time I think he was tied up in knots.

Sid was probably a better doctor than he was an administrator. He could only handle something up to the size of where he could control it personally. When it started getting bigger than that, he was not able to delegate. He also was a very penurious individual as far as operating costs were concerned. One of his goals of course in the whole thing was to get medical costs down to a point, like Mr. Kaiser wanted it, where the little guy could afford it.

Hancock: So he was the kind of a guy where--and this is actual truth--if you wanted a pencil out of supply, you had to turn in a stub to get a new pencil back. He would not allow scotch tape in the offices. He used picky-piddly economy. So, consequently, what happened? Everybody would draw a pencil out of supply, break it into three pieces, sharpen the points down to the point where they looked like they had been used up, and turn in three, and get three full pencils back again. And all of a sudden they discovered they were using more pencils than before when he didn't make them turn in their pencil stubs to get the other. This was a form of rebellion on the part of the employees.

But as far as his theories were concerned, he was quite modern and efficient. His ideas of having the central work corridor with the rooms backing up to them and the nurses having nursing stations, not somewhere way down the line, but spaced up and down the corridors so that they were within a few steps of the rooms that they were in charge of. A lot of the laborsaving devices as far as hospital operation are concerned, these were all Sid's concoctions. Some of them were good; some of them were not so good, but most of them seemed to work well.

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If anyone in the company was sick, he was the one that was making sure that they got the proper care, not just the top dogs, but down the line as far as he had any contact or influence.

His biggest problem was purely an administrative one. He was not big enough to delegate and let go of control when it got to the point where he couldn't keep on top of every little thing himself--start new hospitals and new clinics and run the old ones too. It was just too big for him to handle.

It was a very stomach-wrenching session when they finally had to, shall we say, defrock Sid, and take the day-to-day administration away from him, and shall we say kick him upstairs to being the--well, he was in charge of new facilities, design, and to be sure that all the economies and so forth were built into all these new hospitals that we were building. They made it seem that he was not demoted in any way, shape, or form. But actually he was.

Hughes: Did he know that?

Hancock: Oh, yes. That was a very bloody session that night. This was in Mr. Kaiser's new office in his home in Lafayette. I can't remember who all was there. Well, he fought like a tiger. He didn't want it taken away from him. And this is with people who loved him very dearly, starting with Mr. Kaiser, his brother-in-law. But it had to be done. It finally came to a point where Mr. Kaiser finally had to say, "Sidney, whether you want it or not, it's got to be done." And that was it.

Hancock: Once the decision was made, there were no grudges held, and he and Mr. Kaiser and everybody else were still just as close as they ever were. If anybody needed any medical help, Sid was the one that was out there looking out for it for them.

Hughes: Could you say something about the relationship between Garfield and Henry Kaiser, Sr.?

Hancock: Oh, about the only thing you can say about the relationship is that it was very close for years and years and years.

Hughes: Was it almost a father-son relationship?

Hancock: Oh, I don't think it was quite that kind of a relationship. A very good, sound, friendly relationship--there is a difference there. But it was a very close friendly relationship, which started out on the desert when they were building the pipeline to bring water down into Imperial Valley. You know that story.

Hughes: Yes.

Hancock: It lasted all the way through until the boss died. I think it got closer than it normally would have just for the simple reason that they suddenly became brothers-in-law, with having the two sisters who were very close to one another. I think there was a much closer relationship because of that. They were very close friends. Sincere friends.

Hughes: Somebody I talked with--it may have been Dr. [Clifford H.] Keene--said that they saw each other almost on a daily basis, I think at that period when they were neighbors in Lafayette.

Hancock: Oh, yes, very definitely. In fact, even when they were over here, Sid and Helen would come over for visits. Helen and Ale would be with each other around the house here, doing things that they wanted to do, and Sid would drive the boss to the office, and he'd be at his right hand all day long, sitting in on all the meetings and all the conferences and so on. In fact, I think Sid had a lot of influence on Mr. Kaiser's decisions--hotels and management, and that sort of thing.

Hughes: That's interesting given what you say that Sid himself as an administrator of a large enterprise was not the best.

Hancock: Yes, well, I think I can understand that. I'm somewhat the same way. I have an awful hard time letting go of the strings, and saying to someone else, "You do it." Because no matter who you give it to to do, they'll never do it as quick and the way you want it. It's very hard to delegate sometimes, and say, "You do it, and the thing's on your back, and don't come running to me," and then agreeing that they did it the way you would like to have it done. And I think that's the way Sid was. I can understand it.

Eugene Trefethen

Hughes: Another person that I wanted to hear about is Trefethen.

Hancock: Funny, I can't give you too much about Trefethen. I never actually worked directly with him, but we were thrown together an awful lot. [laughs] Gene and Edgar, to start out with, were schoolmates at UC. They worked on Mr. Kaiser's projects in the summertime and that sort of thing. They were very close to each other. They were almost like brothers, actually. And Gene was a very capable, very brilliant person.

After they graduated, it was just the natural thing for Mr. Kaiser to bring Gene into the organization the same way as he brought Edgar, although Gene's dad really wanted him to become an attorney. Mr. Kaiser had a tremendous respect for Gene. They were good balance wheels, I guess you'd call it, because they were so opposite. Gene was of course much younger, but Gene very soon got into the financial, corporate structure types of operations and Edgar was paralleling in production. Mr. Kaiser was at the top dreaming up the things to do and feeding the instructions to these two, to get things done. For an example, when we built Grand Coulee Dam, Edgar was the guy on the job that was responsible for doing an awful lot of that. He didn't know it couldn't be done, so they did it. [laughs] Gene, on the other hand, was more or less the moneybags or the corporate, financial guiding hand. And a very capable guy that way. He was past master at financing, at convincing the Bank of America that they should loan us a few more millions of dollars when they thought they were loaned up to the hilt, and then reorganizing the financial structure so that, instead of having separate companies there was a holding company and then putting them underneath--I don't understand this myself.

Gene was a very conservative person, whereas Mr. Kaiser was a charger. They were a good balance for one another, because when the boss would be going off into left field, Gene would be the one saying, "Now, Henry, you better slow down a little bit, because we can't keep up." But they complemented each other, and they respected each other. They were just a good team. That's all I could say.

Gene and I, for some reason, got off to a poor start. I was doing the company paper down at the steel mill, and one of our problems was absenteeism and morale during that period at the mill and the mines. And I'll be frank, the paper that I was putting out went by the unglamorous name called The Snorter. Even that in itself doesn't make it sound like it's going to be a Forbes Magazine.

Hancock: I had to print things--anything--to get the employees in, and try to build a feeling of belonging on the employees' parts. I had a little column on the back page called "The Snorters and Sniffles." The reason for The Snorter, by the way, was we made pig iron, and this caricature pig was our trademark. They have a thing on the blast furnace that you pull to release the pressure, called the "snort valve," and it makes a lot of noise when it's pulled. That's where the name got started.

Gene, up in Oakland, as he received these papers each week, felt that it was really a pretty amateurish type of thing. It would go well at a high school or college, but he wasn't sure if it was the type of thing that a corporate structure should be putting out. I could show you some; you'd get a kick out of them.* He kept fussing at Henry, Jr., because he didn't think this should continue. Perhaps change the format, and get a little more dignity into it, and put things into it so we could send it around to businesses and corporations and so forth. He was not at all complimentary as far as I was concerned on what we were doing.

Finally, he almost gave an edict that it had to be stopped, and that was one point where Henry, Jr., put his back up and said, "I don't care what you say, it's not going to be stopped; it's doing the job that we're after. If you want something that you can send to corporate structures, let's start another thing, but don't stop the in-house production just because you don't like this kind of a collegiate-type of publication. If you want something more staid, we can do it." Well, Trefethen didn't trust us to do it. He started one up in Oakland instead. [laughs]

So at the very early inception, he and I didn't get off on the very best footing. But through the years, our relationship did get very warm, and in fact right now we're very good friends and think very highly of one another.

Hughes: He was a key personality, of course, in this whole trouble in the fifties with the health plan, between the medical group and Kaiser management.

Hancock: Oh, yes, he had to get into that as well as the others.

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*Three copies of The Snorter are on deposit in The Bancroft Library.

III THE KAISER PERMANENTE MEDICAL CARE PROGRAM IN HONOLULU*

Problems at the Outset

Hancock: This is, I guess, what you will be getting into tomorrow, but a big portion of the problem with the doctors [in the Kaiser plan in Hawaii] was strictly money. We had told them, based on what we had experience on in the mainland, that the medical group could operate very comfortably on fifteen cents per member per month, I think it was--I'd have to double-check that figure--and that would give them ample money to have nice fat salaries for themselves, and hire other doctors as the need would come; it was enough money to start.

The problem was that we had forecast 15-16,000 members to start with and the fifteen cents per member per month on this would have possibly been enough at the start. But, in actual fact, when we opened the health plan and hospital we had only been able to sign up 5,000 members, but we still tried to hold to the fifteen cents per member per month formula.

These five founding doctors were the topflight doctors in their specialties at that time in the Islands. Their former associates looked up to them--they were all buddy buddies--wouldn't speak to them [after they joined Kaiser]; wouldn't have anything to do with them. They ostracized them to the point that they were

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*Chapter 18, "Doctor Kaiser Invades Hawaii," from Hancock's unpublished manuscript, may be found in appendix, pp. 114-120.

Hancock: just blackballed. From everything. Their wives, who had always been very close to one another--played bridge, played golf, all that sort of thing, in each other's homes all the time for dinner--whoosh, one wife wouldn't speak to the other wife. I mean, it was just cold-blooded freeze out, that's about all you can say.

Of course, they weren't too happy about that. Then all of a sudden to have the money that was being generated not be what had been forecast, and with me being given the chore of trying to make the doctors live on fifteen cents per member per month, they didn't like that. I would try to hold them down on unnecessary x-ray and lab tests, and ask them to order just the tests that they felt were absolutely needed. Well, it didn't take us long before we were at each other's throats. And then with Mr. Kaiser's condition that you will read about there,* I couldn't go to Cliff Keene for advice.

Anyhow, it was purely a matter of money that generated this whole blow-up, but the money was not there because we couldn't get the health plan members. The one thing that they had overlooked in the whole forecast of the medical plan of Hawaii... They'd gone on the history that they had on the mainland, which was good solid history from Portland, the Los Angeles area, up in Oakland of course, over in the shipyards. Every place they had health plans, these figures had all been generated, and they were a good group of figures for operating costs and estimates for growth. Also there were good estimates on how many new members they could establish when they opened a plan in a given location.

The one thing that was overlooked was that over there, the market has a much more fluid population. And so the average American over there didn't have the loyalty to a doctor that they have here in an insular situation. Over there, people move and move and move, and they'd get a new doctor wherever they went. Going to a Kaiser doctor was just like going to somebody else's doctor, somewhere else if they moved to a new town. In Hawaii for generations, the people had gone to the same doctor or his sons. You know, Dr. Fujikawa, shall we call him, who had been doctor for papasan and mamasan, had been the doctor for the next generation, and then Dr. Fujikawa's son, who now had become a doctor, was the doctor for the present Nisei,** and so on.

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*Hancock's manuscript.

**The first generation of Japanese born outside Japan.

Hancock: And these people, although they liked the idea of a Kaiser hospital, and they loved what they saw in the new facilities and all that kind of thing, they weren't just about to give up their family doctor to go to a new facility. They would still stay with Dr. Fujikawa. So even though they liked our health plan and our new modern hospital, and it was cheaper, and they could get more for their money, and everything else, they stayed with the Hawaii Medical Service Association (HMSA)*, which was higher in price and didn't give them as much, because with HMSA they could still go to Dr. Fujikawa. They didn't have to arbitrarily decide to go to Drs. Homer Izumi or Wally Herter or Sam Yee or Dick Durant or Dick Dodge or somebody like that.

It was a long slow process at first to crack into this community, both with the health plan and its theory, and with getting people to change from the doctor that they have always had, all the way back to mamasan and papasan. It was a slow, slow process. Now we've got something like 170,000, or is it up to 200,000 health plan members? I don't know at this point. But it's a far cry from the five thousand that we first opened our doors with. And now I'm sure they can live on fifteen cents a member a month. [laughs]

[Interview 2: 18 February, 1986]##

Mr. Kaiser's Handling of the Medical Program

Hughes: Dr. Smillie, who started a history of the northern California medical group, talks a little bit about the Hawaiian business. He said that he believed that Henry Kaiser was convinced he could manage a medical and hospital care program, "more effectively than the health plan hospital managers and medical group leaders in California."** Did you hear him comment to that point?

Hancock: No, I don't remember anything that direct. This may have been Dr. Smillie's interpretation of what Mr. Kaiser was doing. Thinking back to that period when Mr. Kaiser was not quite himself, and the period when he closed the door on anybody coming over from the mainland... That may have been the way he interpreted it; that Mr. Kaiser didn't want them over here because... I can maybe hear Mr. Kaiser saying, "Well, you fellows stay over there; I can run things here myself without your help." I can see that. Because he

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*The equivalent of Blue Cross-Blue Shield.

**John S. Smillie. A History of the Permanente Medical Care Group and the Kaiser Foundation Health Plan. Manuscript in draft form, 98.

Hancock: still had Dr. Garfield at his right hand and beck and call anytime he needed advice. So I can see where they would interpret it that way, but I am not aware of Mr. Kaiser taking that attitude.

Hughes: Dr. Smillie also says in the same document that none of the mainland Permanente medical groups was consulted when Pacific Medical Associates was set up.* Was it for the same reason, namely that Mr. Kaiser simply just didn't want the mainland groups interfering in what he considered his own business?

Hancock: At the very outset, he didn't go running to people up in Portland and people down in Los Angeles and people somewhere else. At the very outset, he had Dr. Keene; he was the top man. How much further did you have to go? He had of course Sid at his left hand most of the time. Gene and Edgar came over, and were all in on the initial setting-up of the medical group. I don't think they went out and asked the other regional directors what was going on, because they were another echelon down, so why bring them in?

Low Initial Membership

Hancock: But in the initial formation, we had the legal staff from the mainland over here as well, to help put the legal documents together and health plan actuaries. Everything was a love feast at the very beginning. This animosity that built with the doctors, well, it didn't get started until quite a considerable period after the medical group had formed. Part of the big problem there was, well, we were--what would you call it?--smoking a little opium [laughs] on what we thought we were going to be able to get as far as numbers of health plan members. We figured we'd open our doors and they would come charging through and trample us down. We gave them figures of that sort to try to sell them into leaving their practices and joining our group as a nucleus. And of course, it all sounded awful good on paper.

Hughes: Were you basing those forecasts of membership growth on mainland experience?

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*Smillie. A History of the Permanente Medical Care Group, 98.

Hancock: On mainland experience, yes. And we had the actuary, Arthur Weissman, from the Oakland area come over. He made surveys and studies based on the population that we had, the number of industries that we had over here, and the potential number of companies that could take on the health plans. HMSA was already well established. We knew that we had them for competition, but based on all those facts and figures, they came up with something like sixteen thousand members at the opening day, and it would grow by leaps and bounds after that. But it didn't do it.

Hughes: Dr. Keene spoke of a study being done by Stanford Research Institute, I gather, before any of this was off the ground.*

Hancock: It could have been; I'm not aware of it.

Hughes: And he maintains that study said that another hospital wasn't needed in this area. Obviously you went ahead anyway.

Hancock: Well, one thing, though, Mr. Kaiser was very bound and determined that he was going to have a medical program over here. That was just, as far as he was concerned, a foregone conclusion. In fact, he was never one actually to pay too much attention to all these consultants and experts and so on, and their studies, because too often he had found them wrong through the years. They would say, "You can't do this," and he would go out and do it. So he never was one that went out and sought many official studies, especially on something he believed in and wanted to do. Now, maybe Keene and the fellows in Oakland, they may have ordered Stanford's study, but I don't think Mr. Kaiser did. He didn't believe in them.

Hughes: Did Ale Kaiser play any direct role in any of this business?

Hancock: Well, what do you say is direct?

[tape interruption: doorbell rings]

She had a very vital interest in the hospital of course, because that was her whole life and background. I am sure that she had plenty of input, particularly with Mr. Kaiser at home when they were discussing things. I don't recall her sitting in on too many of the business sessions, however. I just don't recall her being involved to that extent.

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*Clifford H. Keene, M.D.: History of the Kaiser Permanente Medical Care Program, an oral history interview conducted in 1985, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986, 75.

Hughes: She wasn't involved, as far as you know, in the selection of the five doctors?

Hancock: Well, I would say she privately had her input there about whether she felt they were good or whether they weren't. Some were her own private doctors. I'm sure she had input--but she wasn't on the search committee publicly, let's put it that way.

Hughes: I'm thinking, of course, in all of this, of her role at Walnut Creek, where I understand she was really very instrumental in selecting staff, and intimately involved in...

Hancock: This I didn't know. But no, I don't think she was; my recollection is that she was not that close to it. Now, you have to remember one thing, that during that particular time, I was not too involved with the nuts and bolts of getting the medical program started and getting the staff going, because I was up to my ears in trying to build the darn building [hospital] in ten months, which normally would have taken eighteen. I'll be frank, I never poked my nose in anything that I didn't have to. Mr. Kaiser always had me doing more things than I could do anyhow in a day's time. I was glad when somebody would take something away. I wasn't too involved, except by being on the fringes at that point--other than being in the construction.

Hancock's Appointment as Regional Manager

Hancock: We were well along with the construction phase and getting close to the finishing line when all of a sudden Mr. Kaiser told me I was going to be the first regional manager. I didn't even know that. It suddenly was just dumped into my lap.

Hughes: Was that typical of Mr. Kaiser? The way you had been put in charge of the hotel?

Hancock: Yes. I was put in charge of the hotel one night when he called up and said, "I don't think our manager is honest. You better take it over in the morning." And I didn't know anything about hotels. Fortunately, the hotels helped me in getting going with the hospital, because hospital operations are basically the same as hotels. You have house guests, who are your patients, instead of the tourists. You have your prima donnas, which then would be the show people in the hotels, Alfred Apaka and the orchestra and all that. At the hospital your prima donnas are your doctors.

Hancock: You have the same business problems of income and expense. You have your same housekeeping problems. So hospitals and hotels are very similar. You don't have any bars to worry about, but you do have a pharmacy. So, you know, it was not that much of a shock as it was when I first tried to take over the Hawaiian Village.

Problems with the Doctors

Hughes: How were you accepted by the medical group?

Hancock: Fine. We were very close until almost the very end. We were all buddy buddies, and partied together in each others homes, and everything was fine until Dr. Dodge went off on this--well, I just don't know what. I never really could understand just what it was, except for the fact that we weren't giving them enough money. We finally recognized the fact that the formula that the mainland facilities had been using and insisted was a sane, sound formula--you know, the fifteen cents per member per month--was fine over there, where they've got thousands of people. But you can't apply the same formula to five or six thousand members until you build up to the point where you do have a working nucleus.

Up to that time, everything had been fine. Then the doctors felt that they should have a subsidy until such time that they reached the 16,000 patients that we had originally indicated we would give them. Well, we gave them a subsidy to carry them over.

The only problem there was that we also told them that they'd better hold back on increasing their staff as quickly as originally projected. They didn't want to be caught shorthanded with not enough doctors on their staff. We didn't want to have doctors on the staff that we didn't need. I guess that was when we started going in separate paths. I had to try to keep the lid on as far as dollars were concerned. They wanted dollars to expand with. I couldn't go to Mr. Kaiser, even to see if I could extend the subsidy time a little longer than they had agreed, quote unquote, to a cutoff. Mr. Kaiser was insisting that they live with their agreement. In the meantime they had gone out and started hiring doctors that they shouldn't have hired, without our approval. It just was one of those things that generated into a degenerate situation.

Hancock: I couldn't convince Mr. Kaiser, of course, in his mental condition,* that we should extend the subsidy. So I didn't ask him; I just went ahead and did it, which didn't make me very popular with Mr. Kaiser about that time. [laughs] Well, it was just one of those things. Somebody else might have handled it differently, but I don't think many people could have done much differently under the circumstances.

Construction of the Hospital**

Hughes: Well, let's backtrack a little to the building of the hospital, if you don't mind. I was wondering how actively Mr. Kaiser participated in that process.

Hancock: Well, I would say no more active than coming over six times a day, and walking the entire project, and insisting that we go faster, and why hasn't this crane got something going up, and it's just standing there idle, and trying to pour a floor a week as we were going up. He was exceedingly active,*** as he always was in any one of his projects. Same thing with the hotel. He would be all over that hotel, climbing up the ladders and inspecting this and that and the other, trying to find out how soon we could get another trade cranked in, because that would push the other contractors ahead of them.

He was always very pushy when it came to construction. He was always very active. He knew before you knew, somehow or other, that something was broken down. I could be on a project all day, but he'd call me up and tell me, "Your man-hoist is broken. What are you doing about it?" [laughs] He was uncanny that way, because I didn't even know it.

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*Hancock in his manuscript tells of a short period when Kaiser became addicted to pain killing drugs because of a painful arthritic condition in his foot. For a short period, drugs affected his comprehension and decisions. Fortunately, the condition was discovered early and overcome. See appendix, pp. 111-113.

**A series of over twenty scrapbooks and four photograph albums, assembled by Norah Walker and documenting hospital construction, the medical program in Hawaii, and various other Kaiser enterprises from 1958 through the late 1980s, are on deposit in The Bancroft Library.

***The hospital was built in ten months--considered a record for that kind of building. The property was later sold to a developer to be the site of a new hotel, and in 1986 the original building was demolished with explosives in less than ten seconds.

Hughes: How was the hospital being funded?

Hancock: I didn't worry too much about those sorts of things. But as I recall, it came out of the [Kaiser] family foundation resources, basically as a loan guarantee. It could be paid back over a period of time later when we were in a surplus position. But that's the way most of the hospitals were started. The family foundation put up the original nut for it or enough to at least get the loan from the banks. That is my guess; I can't really tell you. Gene Trefethen would have to tell you that; he handled the money problems.

What would normally happen is each hospital would pay back, after it was in a position to have any surplus, the money that they had borrowed. Then that money was a nucleus to start another one, and another, and another. But that was the basic program.

Hughes: I understand that in this case it was a bit unusual to have a hospital built before the health plan membership had really been built up. Usually it was the reverse.

Hancock: Usually it was the opposite. Like, they had the hospital in Los Angeles, and then they had a clinic in Bellflower. Then after the Bellflower clinic built up members in that area, they built a hospital in Bellflower. That was the plan. They had a hospital in Oakland, then they had a clinic out in Walnut Creek, then after they got enough members out in that area, then they built the Walnut Creek hospital. They couldn't do that here, because there was no way of having a clinic first without a hospital.

Hughes: Why was that?

Hancock: Because with a clinic, sooner or later you're going to need hospitalization. The Walnut Creek clinic people at first could go to the Oakland hospital. The Bellflower clinic people at first could go to the hospital in Los Angeles. The pattern could not be done here. We had to have a hospital of some sort as soon as we had a clinic for those cases that had to be hospitalized.

Hughes: Dr. Keene said that Mr. Kaiser decided to build the hospital without a full set of plans.* Do you remember that occurring?

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*Keene, 75.

Hancock: I don't particularly...

Hughes: Oh, I should qualify that: without a full set of plans that had been approved by the city authorities.

Hancock: Oh, I'm sure of that. [laughs] That was just his standard operating procedure. I can't tell you just the way it was, but it was not at all unusual for us to go down and get a foundation permit, and then start building the foundation, and then go down later with the subsequent plans that would finish the thing, based on at least a basic overall structure that we were going to end up with. No, that was not at all unusual in Mr. K.'s method of operating.

Hughes: And what did the planning commission say to that?

Hancock: Oh, over here they went along with it to a great extent. Over here, he had them buffaloed. He had done considerable building of various and sundry types and they just assumed that he knew what he was doing, and that was the way it was done on the mainland. They didn't know any different, because there hadn't been this kind of building over here before.

For an example, we built what is known as the Diamond Head Tower of the Hawaiian Village. When we built that, he wanted five floors finished and in order to be occupied by July fourth. And I think we started it in something like February. This was because there would be more tourists in town than hotel rooms to accommodate them. He wanted to get every nickel he could while the getting was good. So, believe it or not, we built the building.

First he got a foundation plan, and the pile driver went in and started driving the piles. He started putting up the elevator shaft using the slip form method. And then we started building the floors. Then we capped all the utilities off at the fifth floor. By capping them all off, I mean we put valves on all the water pipes, and breakers and so forth on all the electrical work, all the way across the top of the fifth floor. Then we started finishing rooms below as fast as we could. We didn't have any elevators, but we built bridges from the fourteen story building across to this one at three different levels so that tourists could use the elevators in the fourteen story building, walk over on the walkways, and then cross the elevators to their building.

We were still pouring concrete above when the tourists were occupying these first five floors on the weekend of the Fourth of July. This sort of thing had never been done before in Hawaii. Hawaii had never had a thing called a certificate of occupancy before. But believe me, right after that, the city council did decide that maybe, for the safety of everybody, that a building shouldn't be occupied until they issued the certificate of occupancy, and so that set another first for Hawaii.

Hancock: He planned a series of little shops that he wanted to build at the Hawaiian Village. You asked me the question, this is the only way I can answer it.

Hughes: No, no, that's fine.

Hancock: He got the architect, Ed Bauer, to come to lunch with us. We sat there, and he told him what he wanted to do, and Ed started sketching out on a napkin what he thought would be pretty good. "Fine." Mr. Kaiser handed me the napkin and said, "Go ahead. Start building it, Handy." And then he told Ed to go back and get the drawings done, and get them down to the city for a permit. So we were laying out the foundations for this whole thing, and somehow or other somebody tipped off the newspapers. They got a picture of this napkin, and ran it. The city began then to take a dim view of Mr. Kaiser starting projects before he even got a foundation permit.

There was another situation where he wanted to build what we called a "luau hut." This would be a place where you could get a sandwich and drinks and so forth, right down on the beach. This luau hut was going to be an open type of thing, kind of thatched over the top, and stools around the edge. The health department, for some reason or other, decided that all eating places had to be enclosed from this point on. They wouldn't give him a permit to have an open-air sandwich stand out there. Every place else up and down the beach had them, but they said, "We've got to stop somewhere."

Well, he was already underway building the thing, and they wouldn't issue him a permit to build it without closing off this stand. The health department wouldn't sign off. They went back and forth and back and forth and finally the thing was built, occupied, and has been in use ever since, and I don't think a building permit has been issued to this day.

So you asked me the question--yes, I don't specifically remember the hospital being started before all the plans were through, but I can almost be sure that it probably was on very sketchy plans at the very outset.

Hughes: I also heard that, at some point mid-project, Mr. Kaiser decided to add an additional story.

Hancock: Yes. Fortunately, this was before we finished pouring out the entire structure. It was going to be nine stories. What did it end up being? Ten. Anyhow, he started figuring that it was going to be a real tough thing for any expansion later on because of the way the building was confined, and being able to reach it with hoists and cranes and places to store material and what have you,

Hancock: and if they were ever going to have any expansion, they'd better prepare for it now. So he added an extra floor, poured the whole thing out, but just roughed in everything else. The plumbing was rough; you know we could pick it up from there and do everything later. The elevators, of course, had to go beyond that floor in order to serve it. But that was done before the building was actually poured out as a concrete shell. The fable today is that Mr. Kaiser had some concrete left over, so he poured another floor. Anyone who knows anything about construction knows that is impossible.

Hughes: Was the planning commission told about that?

Hancock: Oh, yes. That was made legitimate all the way.

Hughes: Apparently Mr. Kaiser decided to use lava rock on the outside, and that was verboten by, I don't know if it was the planning commission or the health commission.* Do you remember that episode?

Hancock: No. We had a problem with the lava rock at the Hawaiian Village. That was just a little inspector trying to get a shakedown. We had lava rock on the outside of the front of the hospital. Just a facade at one point. It wasn't extensively used. But I don't recall any problems we had there.

But over at the Hawaiian Village, we had initially a problem with the city inspectors trying to find any reason they could to get a payoff. This one inspector came in; he saw these lava rock walls that hadn't been mortared up smooth, and he came in and said, "Well, Mr. Hancock, we've got a bad problem out here with cement in the cracks of the lava rock. Mice could get in there and we could have a rodent problem."

"Oh, for God's sake, we've got walls like these all over town. I could take you anywhere and they're all laid up this way."

"Oh, but we could have a problem."

I said, "Well, we've got Terminex [a pest eradicator] out here, as a regular thing." Mr. Kaiser came along at about that time, and I could just tell that this guy was saying, you know, give me fifty dollars and I'll look the other way. The boss drove by, and saw me arguing with this guy, and he wanted to know what was going on. I said, "Well, the city inspector wants us to fill up the cracks in the lava. I know what he's doing; he wants fifty or a hundred bucks, and he'll look the other way and forget about it."

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*Keene, 79.

Hancock: He said, "We'll never pay him anything. Get a crew and start filling them up."

So I got the masonry crew, and they started to chink the holes in, and the inspector took a look at it. "Oh, I'll tell you what, Mr. Hancock, that's quite an expense. Why don't we just wait and see how it comes out, and if we get mice in there, why then you can fill them up." [laughs] We had two or three things like that at first until they found out that Kaiser would just not pay off in any way, shape, or form.

Hughes: Tell me about building the hospital in ten months.

Hancock: Well, it wasn't any different than building the way we had been over there at the Hawaiian Village. It was just his way of doing it. See, when you get a construction project, each trade and each craft normally wants to do their work in an orderly progression, and each takes his own time. The concrete is poured first, and you get the shell of the building up. Once you get that done, the plumbers and the electricians and so forth in their own order do their rough work. After they've finished their rough-ins, then behind that comes the drywall partitioning men, and they usually want things all to themselves while they're getting their work done. After that the painter comes along and wants to paint, and after that the electrician and the plumbers do their finishing work. It's usually a very orderly progression, but it's time consuming.

That's not the way Kaiser did things. He put them all to work at the same time, as much as he possibly could. He also found out that the quicker he could start the landscaping, for instance, the more he would squeeze the subcontractors into a corner, and they would work just that much harder to get out of there as fast as they could.

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So the faster that he could get the painter going, the better. Even if he had to go back and retouch and so on, he would pay for the painter to come back. The minute he could get that smell of paint going in a room, the electrician and the plumber and the drywall man and everybody else did everything they could to get out of there before the painter got too well entrenched. So this was just Kaiser's typical formula for building. We didn't do anything different at the hospital that we hadn't been doing at the hotel. We were just doing more of it.

It was a complicated building, however. Well, for instance, we had the problem of piping oxygen to every room, anesthetic gas to many of the rooms. When you got into the operating rooms, they had to have special tile and grout and be grounded just so with copper mesh to carry off any sparks, so a doctor wouldn't be giving

Hancock: oxygen or anesthesia to somebody and have a static spark set off and blow the patient's lungs out. This happens. Not so much anymore; they're not using those kind of gases as much. But back in those days they did.

X-rays, where you had not only the x-ray equipment, all the technical things to put in, but also you had to have lead-lined doors and walls and so forth. It's a much more complicated building than a hotel.

Hospital Design

Hughes: What about the design? Was that influenced by mainland hospitals?

Hancock: Well, it was influenced a great deal by Dr. Garfield. I'm not sure just where all they had tried this, the design in this case being the central work corridor that the public did not get into, the nursing stations and utility stations located up and down a center corridor, and each nursing station being within, oh something like, just a very few steps of ten or twelve patients, two to a station. If a light went on, the nurse could be right there without any hesitation. It's not like when the light goes on at a conventional hospital, with all the nurses gathered around the nursing station way down at the end of the corridor, or around the corner, and the patient goes [frustrated sound] before they finally get there.

In this case, the patients were going to be right near and taken care of, because the nurses were staged up and down. They weren't congregating around a coffeepot. This sort of thing was Sid's long suit, and the architects of course took his basic ideas and then designed them into the building. The same thing on the maternity floor with the nursery idea where you had a nursery right next to the mother. And the babies had a drawer, a bassinet on rollers. If the mother wanted to see the baby or nurse the baby or what have you, she'd pull the drawer out, and the baby was next to her and the bed in the room. When visiting hours came, she could shove the drawer back and turn on the light telling the nurse on the corridor that she now was in charge of the baby, because the mother had gotten rid of it.

A lot of those ideas were Sid's ideas of how a modern hospital should be done. I'm not sure, I think they'd done these somewhere else first.

Hughes: I know the bassinet idea was done in Walnut Creek.

Hancock: Yes. I think the central corridor operation was done other places, too, maybe in Bellflower. But it was improved on here.

An interesting fact is that the new hospital now has gotten completely away from it, and it's right back where they started from with the original concept of a typical hospital. The nursing station is down around the corner, and they are all gathered around the coffeepot again.

Hughes: Who was the architect of the first hospital?

Hancock: [pause] Fellow out of Portland, Oregon.

Hughes: Probably the one that did the Bess Kaiser Hospital in Portland.

Hancock: Yes. Now I recall--George Wolff and Norm Zimmer. Being a Portland firm and having had no experience whatsoever in Hawaii, and really not understanding Hawaiian weather and that sort of thing, it created a few problems along the line that we had to overcome. For example, we had the open walkways around the outside perimeter of the hospital, and the visitors would go along these to the patient's room. They were not allowed into the central work corridor; that was kept somewhat sterile.

The ends of the work corridors, however, opened up to the ocean and they opened up to the mountains on a sort of vestibule. They hadn't taken into consideration that we can have some real good tropical storms that come either from the south or from the north. [laughs] The end of the building was left open to the elements with an elevator and a staircase at each end. The only trouble is, we can have horizontal rain coming in, if we get a real good tropical storm. That would come in and blow across the vestibule and underneath the doors that opened into these work corridors, and at times we had water ten, twelve, fifteen feet back into the nursing corridor that had blown in under the doors, and no way to control it.

We finally controlled that by closing up the outer end. But as architects, they had not experienced that kind of weather. They didn't know how to handle a lot of our weather problems. Basically, they did a pretty good job, however.

Hughes: Were there any problems connected with construction and design of the hospital once it opened?

Hancock: Well, I would say yes and no on that one. Mr. Kaiser of course insisted that we have as much aluminum in the thing as possible, because that was still during the period when he was pushing for aluminum. All of the railings had to be of aluminum, and all of the railing panels had to be aluminum, but it was anodized in a gold tone. We had to build all the cabinets and doors and so forth

"The baby in the drawer," a system of infant care shared by the mother and the nursing staff. The system was used at Kaiser hospitals in Honolulu, Walnut Creek, and elsewhere.

photograph courtesy of Norah E. Walker

Hancock: and face them with aluminum instead of stainless steel or wood or formica. We had to have aluminum ceilings in all the rooms, which were made out of corrugated aluminum which normally would have been used for patio roofs instead of ceilings.

These gave us some construction problems, trying to do that. A lot of this aluminum had to be laminated on the cabinet faces and on the doors to the rooms. It looked great, when you finished; but we did have some problems with delamination along the line, because they still hadn't gotten a mastic that would really bond aluminum to wood. It was different.

So we did have a few problems like that, but just a little loving maintenance took care of that.

Hughes: Dr. Keene said that the elevators were too small for a bed.*

Hancock: [pause] Well, the public elevators might have been. But we had the service elevators that were plenty big enough. We could put two beds in there and go up. My problem was that we just didn't have enough elevator capacity; they were too few and way too slow for the amount of traffic that we ultimately had to cater to.

The Five Physician Partners

Hughes: Well, on to the selection of the five partners. Do you know why Mr. Kaiser chose those particular five men?

Hancock: Yes. They were amongst the most reputable physicians and surgeons in town at that time. He had used Dr. Richard Durant as his own personal physician for quite some time. Dr. Durant was an internist, and he had taken care of Mr. Kaiser. Mr. Kaiser had talked with him informally about their health plan and they had had many conversations of that sort.

Dick Durant and Dick Dodge, who was an orthopedic surgeon, and Wally Herter, a pediatrician, all practiced together. I'm not sure about Sam Yee and Homer Izumi. My wife would probably remember; she went to the same doctors with all of our kids. They were considered amongst the top professional people in Honolulu at that time, so Mr. K. obviously started talking to them about maybe becoming the nucleus.

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*Keene, 81.

Hancock: I'm not sure how Dr. Yee and Dr. Izumi came in. Izumi was general practice and Dr. Yee was general surgery. I think they came in because they had been associated with the other three, and were also considered top men in the island.

This took a little evolution. This didn't happen overnight. Mr. Kaiser had been talking to Dr. Durant, and then in turn talked to Dodge and Herter as they would get drawn into this thing. They in turn started looking around to see who might be interested. But nobody, I don't think, ever realized what a violent reaction it would cause in the balance of the medical community. All that most doctors could consider the Kaiser health plan at that time was socialized medicine. Everyplace we had gone, we had had problems with the AMA [American Medical Association] on everything that we ever established--Walnut Creek, Oakland, Portland. They always considered it socialized medicine, and that was a dirty word in those days. No one even dreamed about HMOs [Health Maintenance Organizations] in those days except Kaiser.

Hughes: What was the incentive for the five physicians to join the Kaiser plan?

Hancock: Well, part of it I think was the fact that they could make as much money, if not more, with much less output of their own. All of their offices would be supplied, free of charge. Their equipment would be there free of charge, even their white coats. All they had to do was bring the knowledge that they had in their heads. Under the Kaiser program, everything else is furnished to the doctors. Even their nurses were supplied.

If they were the founding fathers, they were the top cats, as far as the partnership would be concerned later on. As top cats, they would probably make more money than they had ever made before. They didn't have to pay nurses; they didn't have to pay rent, any overhead. As I say, all they had to come up with was the knowledge in their heads. And the management of it. I think they saw that they could make more money, and I think they were also attracted to the fact that Mr. Kaiser was an influential person internationally, and it kind of made them feel good to be close to a person like that. I don't think any of them had the slightest idea that there was going to be the backlash that took place after it was finally publicly announced.

Hughes: What form did that backlash take?

Hancock: Well, as I said yesterday, it was ostracization, pure blackballing, cold shoulder. Their wives were snubbed by the other doctors' wives, who they had had lunch with and played golf with and had bridge games with before. They were all very close and social in

Hancock: the past; now the other wives wouldn't even speak to them. The doctors were completely... Well, they couldn't throw them out of the medical association, but they were just absolutely ignored if they went to the meeting; nobody would speak to them. They were blackballed. They were worse than the coloreds down south.

Hughes: At what point did the medical partners begin choosing other physicians to join them? I assume it was their decision.

Hancock: Yes, I think you'll find more accurate information in that chronology that I gave you.* That'll give it to you just about as close as I can give it to you.

Hughes: Had that been the agreement, that the partners would choose the physicians?

Hancock: It was their responsibility. Not only the agreement, but it was their responsibility. As we brought in more health plan members, it was their responsibility to bring in a balance of physicians to take care of the additional members. It was also their responsibility, as we got up to a point where we could afford it, to bring in other specialties, like dermatology or like urology or what have you, so that we didn't have to farm out those cases.

Hughes: Now was that an independent decision on their part, or were they supposed to consult with the health plan?

Hancock: Oh, no, this was supposed to be done co-operatively, and the two groups did try to work together at first. The only trouble is, I think once again we were not bringing in members as fast as we thought we would, and then once in a while they would get a chance to get a good doctor, and rather than lose him they gave him a date somewhere out there when they'd bring him in--sooner than we were going to be able to keep up with. They made commitments, or rather Dr. Dodge made commitments. The other doctors I don't think really wanted to have too much to do with the day-to-day business operations. But he made commitments to two or three doctors that were too premature, and I couldn't come up with the money from the health plan, and this was another thing that set us off again.

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*Mr. Hancock lent the interviewer a chronology of the development of the health plan in Honolulu which he wrote, probably in 1959, when the events were fresh in his mind. See appendix, pp. 105-110.

Low Initial Membership (Continued)

Hughes: Were the techniques that had been used on the mainland not useful in the Honolulu situation for getting membership?

Hancock: I don't think it was so much techniques as it was just the mere fact that here in the Islands people just didn't want to change doctors. I think it was just basically that. They loved the idea of the hospital; they loved the new-fangled methods; they loved the fact that we had the latest equipment and all that kind of thing. But they just wouldn't leave their family doctor. And you've got to remember, this was an insular population. Many many people had never even been off this island to any of the other islands, let alone to go to America. It was a very little tight thing.

So the only people that were used to being back-and-forth were the military, and they had their own medical facilities. We had a few people that came and went, working for the various companies in town, but those were a minority. Those were the kinds we got [as members] while they were here. But the rank and file of the population, whom we needed for the mass [membership]—the Filipinos that work on the cane fields, and the Japanese who were craftsmen, and the Chinese who were the merchants, and so forth--they had been here for years and years, and they weren't going to give up their family doctor.

Hughes: What about union participation?

Hancock: Well, in those days unions were very very weak. There were few or no unions. They were exceedingly weak. They have since become strong. The only unions that had any strength at all to them then were the ILWU [International Longshoremen's and Warehousemen's Union], and that was the longshoremen, cane fields, sugar cane and pineapple, and the Hotel and Restaurant Workers' Union, which was tourists. Those two had fairly strong unions. And those were the ones that we were getting into, and that's where we were getting our population, our membership. But the carpenters were weak; the teamsters were weak; so were the plumbers and electricians and mud trades. The laborers were almost nonexistent in those days as a union.

Hughes: So with the exception of those two unions, there were no big groups to tap in those days.

Hancock: That's right, other than groups that were working for, say, Dillingham, or groups that were working for Alexander and Baldwin. I'm talking about their employees, not the canefield workers. But those were the papasans and mamasans who were loyal to their family doctors.

Hughes: And was that Western medicine in those cases?

Hancock: Oh, it was basically Western medicine. And you see, they were all covered by HMSA by their companies, and HMSA let them go to any doctor that they wanted to go to. Well, I think they would even pay off the Kaiser doctors if they went over there. We allowed our doctors to take private patients as well as health plan patients, so long as they did not shortchange the health plan patient. But it was just too insular.

More on the Five Physician Partners

Hughes: What was the original agreement, if there was one, about the five partners bringing their private patients along?

Hancock: They could do it. The only string that we had on it was that the health plan patient came first. After that, if the doctors had any more free time, and they wanted to fill it with their private patients, God bless them. I can't say this for a fact, because I don't remember exactly, but I think the private patient with HMSA could still use our doctors. As it turned out, there was very little of the private patient type of thing taking place, because after the ostracization, they were considered boogiemen.

Hughes: And the private patients left.

Hancock: Yes. I think HMSA also was very slow about encouraging anybody to go to anyone other than their private doctors.

Hughes: I read that the original five doctors did favor the private patients. It was the reverse of what you just described.

Hancock: Yes. That was one of the things that we fussed about at each other. They did have a tendency to favor the private patients who did stay with them, instead of favoring the health plan because they got the fees for the private patients. But that was just one of the minor irritants. That was not a major thing, because they didn't really have enough [private patients] to worry that much about. Right at the first we did have to have a few words, "Now, you've got to quit blocking out the best times for your guys. You've got to take them as they come."

Hughes: Dr. Keene felt that two of the five physicians were probably borderline alcoholics,* and that that would contribute to some of the problems.

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*Keene, p. 80.

Hancock: Well, I'd say two of the five were. With one of them, I wouldn't say borderline. [laughs] Dr. Dodge was after the hootch quite regularly. He was a pretty good drinker. Dr. Durant, well, he was more of a social doctor here in town, as far as his reputation was concerned. He snapped it up pretty good when he'd be at parties. I never had a feeling that when he was on duty, that we had any problems. I did have problems with Dr. Dodge, because as I say, I've seen him leave parties and be called on for emergency surgery when I just knew he had no business whatsoever being there.

Hughes: Could you as regional manager do anything about that?

Hancock: No. Because I had no direct control over the doctors. In the doctors' partnership, they were autonomous unto themselves. All I could do was fuss. But I could do that, and I could pressure, and that sort of thing. But that was the one thing about it--the medical partnership (and this was the case with all of our hospitals) is autonomous and separate from the health plan and from the hospital operation. In other words, they're in group practice on their own at our hospitals.

Hughes: What do you think about that system?

Hancock: Seems to have worked. It's about the only way you could have gotten doctors, at least in the old days, to have joined you. In the old days, doctors just wouldn't come to work for hire. It was beneath them. They were gods then.

Hughes: But obviously, it would have been easier for you, as a regional manager, if you could...

Hancock: Oh, much easier. If I could have hired and fired and things like that, it would have been considerably easier. For an example, I had no control, other than jawboning, over the number of laboratory procedures that they would order for a patient that the health plan had to pay for. They would just run the whole gamut if they wanted to, and I couldn't say, "Hey." All I could do is sit down and say, "Look, this is your utilization compared to other utilizations. You're getting top-heavy." But it was up to them to decide, not for me, whether they needed to prescribe or secure all of these utilizations.

Hughes: How were you getting that viewpoint across to the physicians?

Hancock: We would have meetings together. We would have fairly regular sessions together, where we would sit down and I would show them what our income was, and what our health plan growth was, what our outgo was (unfortunately). They knew what we were doing, and we knew what they were doing. Theoretically, they were telling us what their expenses and so forth were. It was a matter of joint sessions right along, but if push came to shove, I had no right to order them to cut down on this or cut down on that. The only thing

Hancock: that I had a right to tell them was that we had originally established certain levels, at which point we would bring in new doctors. That was the contract. I could enforce contracts, or try to. But as far as messing into the medical practice, they were kings.

Hughes: At least in the beginning were they co-operative?

Hancock: Oh, yes. Very much so.

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As I remember the time span, disagreement--violent disagreement--was only about the last three months before the thing ended.

Relations with Mainland Personnel

Hughes: Keene and Scott Fleming gave a course at one point. It was essentially on prepaid group medicine. These physicians that had been brought in had never practiced in that form before. Do you remember that going on?

Hancock: No, I think that probably took place while we were still in construction, and I was not then yet regional manager. I was worrying about sticks and stones, not anything else.

Hughes: Were you having dealings with Dr. Keene at that point?

Hancock: He was coming and going and so was everyone else. I was sitting in on some of the sessions when I wasn't over there trying to get another concrete pour made fast. That's why I don't remember too much of that formative period because I didn't think I was going to be involved, and really didn't pay too much attention to it.

Hughes: Dr. Keene maintains that when the course was over, he was loaded on a plane and not allowed to come back to Hawaii.* I gather this was Mr. Kaiser's wish, because Mr. Kaiser apparently didn't want Dr. Keene coming in and making changes that might cost more money. Does that ring a bell?

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*Keene, 76.

Hancock: That doesn't really ring a bell. It could be. I think that was probably about the time before I was really too involved in the establishment of the place. I was building. [laughs]

Hughes: Do you remember any particular point when Henry Kaiser began to realize that the medical plan was running into problems, that it wasn't going to be this superior form that he had anticipated?

Hancock: Oh, I couldn't--not that there would be a date, or that we discussed it. That's one of those things that little by little you just suddenly realize that things aren't progressing as fast as you thought. I wouldn't say there was any particular time that he realized this. I think he realized this from the start, because [members] didn't beat the doors down. We went through the same thing when we opened the Hawaiian Village.

Hughes: He'd been calling in people like Keene and Fleming and Saward all along. It wasn't, here suddenly is a crisis, let's resort to the Central Office?

Hancock: Oh, no. You keep mentioning Saward. I really don't remember him being involved that much. Maybe he was. Once again, there may have been a period before I was named regional manager. What you're saying, though, is beginning to make some sense. That may be the reason why I ended up being regional manager instead of somebody else, and I'd never thought of that. Mr. Kaiser may have even, way back then, thought that he didn't want Keene and all the guys on the mainland coming over and running his hospital. This is very, very possible. I never could figure out why he had me become a regional manager. It never made sense. [laughs] It was too foreign to my background.

Hughes: I know Dr. Keene certainly had the feeling that he was deliberately being kept away from Hawaii.

Hancock: This very much may be the answer why I was made regional manager in the first place. Mr. Kaiser knew I was there, and I was under his control and was loyal. He wasn't sure about any of the rest of them. This is very possible.

Hughes: Remember also, the mainland group, the northern California Permanente group, was just barely emerging from a very rough period where there was a confrontation between the medical group and hospitals/ health plan, and perhaps Kaiser just didn't want to get into one of those situations again. Here, he thought, I can more or less run this show.

Hancock: Well, you may have just cleared up something I puzzled about off and on for many years. Now on the other hand though, he had no problem with Fred Carroll coming over from the health plan division and becoming our health plan director. And he had no problem with Bob Jack coming over from where--Los Angeles was it? --the Los Angeles group and becoming hospital administrator. I don't know. Of course, maybe he figured they were down the ladder far enough that he could train them.

Hughes: Yes. And you were obviously the top dog.

Hancock: Yes. So that might have been.

Hughes: Well, there was another episode that Dr. Keene described which more or less relates to what we're talking about.* He said at one point he was on his way to the Snowy Mountain project in Australia, and he stopped at the Honolulu airport for a matter of hours, I presume between flights. He had been given orders not to leave the airport, and I guess you had been given orders not to contact people on the mainland.

Hancock: Well, I had been given a blanket order during that period to have absolutely no contact whatsoever with anybody on the mainland regarding the hospital, health plan, and what have you. If I remember right, one time Dr. Keene even flew in and caught the next plane out so that we could have a short session down at the airport. And I never let Mr. Kaiser know that I was anywhere near Dr. Keene, obviously, but I had to have some answers. And part of the answers were at that time, I can't live on fifteen cents per member per month for the doctors. There was just no way, in spite of the fact that Mr. Kaiser says that that's the way everybody has been working, and that's a good formula, and I should be able to do it, and the doctors should be able to do it, and I've got to get the doctors to understand that they can do it. I could just see that there was absolutely no way with our population, our health plan membership, that that formula, even though it worked on the mainland, would work here under those current conditions.

I had to talk to somebody who knew. Dr. Keene came in, and we sat down... I can remember now, it was the old airport, at a table in the back corner in the dark where nobody would recognize either one of us if they happened to come in. [laughs] Going over this whole thing, he recognized the fact that there was just no way we

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*Keene, 77.

Hancock: could do it. It was out of that, somewhere or other, I don't know how it was finally worked out (probably through Edgar), that we would give the doctors a subsidy to make up for the difference between the number of members that we should have had and what we actually were providing. That subsidy would only be for a specific period of time.

I don't know how it finally got through to Mr. Kaiser--I would say probably through Gene or through Edgar--but we did give the doctors a subsidy, and peace and calm settled over the whole place for a while. Until the time for the subsidy ran out. At that point, when I was supposed to be withdrawing the subsidy, the doctors still claimed that they couldn't operate on what we were up with [in terms of members], and Mr. Kaiser was in no mental condition at that moment to be making a decision one way or another. So I went ahead and extended the subsidy. And then all hell broke loose.

Hughes: For a year, Dr. Keene says he dreaded receiving a call from Mr. Kaiser asking for an equipment list for the hospital. Towards the end of 1957 a call finally came, and Dr. Keene had to tell Mr. Kaiser that there was no equipment list. He says that the call came at about nine a.m., and by one p.m. he was on a plane, with no luggage or anything, on his way to Honolulu.* Do you remember that particular episode?

Hancock: Do you mean the equipment list for the new hospital while it was being built?

Hughes: For the new hospital.

Hancock: No, I don't particularly recall that. Probably, once again, the reason was that I was too busy trying to get the building ready for equipment. But I can imagine it. [laughs] They were all supposed to be giving us advice on what we should have and so on, and we were just assuming that they were going to. I'm surprised that there wasn't a list already made up.

Hughes: Well, I assume it was something to do with this problem of lack of communication--the fact that Keene couldn't get through to you, and...

Hancock: Well, see, that would have been before any of that.

Hughes: Oh, would it?

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*Keene, 77-78.

Hancock: Yes, that would have been long before that. That would have been when we were still under construction. It was probably just lack of communication, period. Nobody was being given instructions, saying, "This is what you do, and that is what you do," and they were waiting for somebody to tell them. This would be my guess.

[interruption for lunch]

Hughes: Trefethen, who has also been interviewed as part of the interview series, said that it took five years before the Honolulu plan was really making money.* Is that the way you remember it?

Hancock: I would say at least that. Of course, I didn't stay long enough to see it make money.

Problems with the Original Partners

Hughes: In reading your chronology, you state, and I'll quote if you don't mind, "We have a tempest in the teapot with the doctors, over trying to end the subsidy covering the excess doctors we started with in December."** And I gather that would be December of 1958?

Hancock: Yes, I would think so. They had gone out and hired doctors in spite of the fact that we had said we aren't keeping up; we can't give you the health plan membership. Well, Dr. Dodge was really the only one that was doing this. He was the one that was fomenting it all. He had found a couple or three fellows that looked like potentially good doctors who were willing to join the group. He was frankly panicking a bit, about the shoe getting on the other foot, where we might suddenly come in with a lot of members, and then they would have problems trying to find doctors who would be willing to come in. So they were trying to keep one step ahead, and we were trying to keep everything balanced instead. It was just one of those impossible situations.

Dodge had already made commitments privately to these guys, that they would come on at such-and-such a date. He would of course lose face if he said, "I'm sorry, we can't take you now. You've got to wait six months," and these guys had waited two or three months up to then before they came in and went to work. It was a bad deal all the way around.

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*Eugene Trefethen: The Kaiser Permanente Medical Care Program, an oral history interview conducted 1985, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986.

**See appendix p. 105.

Hughes: Was Dr. Dodge making these decisions pretty much on his own?

Hancock: Unfortunately, he was. The other four partners really didn't want to get involved with the administrative end of it that much. He wanted to be bullfrog--Mr. Big Bullfrog in the pond. So frankly, he started trying to separate them from me, and set it up in such a way that he and I were the only ones that would ever meet. We wouldn't meet together with the group, because [according to him] we didn't want to waste their time. [laughs] But what he was doing, he was trying to drive a wedge between the partners and the health plan administration. He just wanted to have that power. Unfortunately.

Hughes: Another entry in your chronology, and this one is for November, 1958, and I quote again, "We opened the hospital after a heated and bitter disagreement over the opening date. At least two or maybe three of the PMA [Permanente Medical Associates]* founders were ready to withdraw. My whole object in life was to pull you [meaning Henry Kaiser] and the doctors back into harmony again. At this point, Dr. Dodge started on a platform of 'Kaiser isn't going to push the doctors around.'"** First of all, what was the big disagreement about the opening date?

Hancock: You know, this is the funny thing about it. It must have been a heated one, because I would have never written it if it weren't. But at this point, I draw a complete blank on that. I didn't remember any particular disagreement on the date of the opening. I do remember some very heated discussions when we put the tourists in there. But I just don't have any recall on what took place at that particular point. When I read my report the first time the other day, after being cold for years, it didn't jingle any bells. But it wouldn't have been there if we hadn't had a disagreement.

Tourists in the Hospital

Hughes: Well, maybe this is the time to describe that episode where the tourists were brought into the hospital.

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*The title of the medical partnership.

**Appendix p. 105.

Hancock: Well, okay. Timewise, I can't tell you how long we had been open, because that's twenty-five or thirty years ago now. But there was a period of time when the whole community was going to be loaded with tourists, and there weren't going to be enough hotel rooms to house them. We, at the Hawaiian Village at that time, were still also not in the best financial position yet, and Mr. Kaiser was one who if he could make an extra dollar to take care of the costs, why let's make an extra dollar.

So for some reason, I can't remember why, during this period there were about four or five days where there weren't enough tourists leaving the Islands to make way for the tourists that were coming in. He called me one afternoon and told me what their situation was over at the Village at that point, and he said, "You know, we've got all those empty floors and beds and so forth. What do you think if we put them in the hospital?"

I said, "Well, I think it would be all right." It really didn't dawn on me as not being a practical idea! [laughs] I said, "As long as we keep them separated from the nursing floors." We had everybody up on the ninth floor, I think it was, and at that point we only had maybe fifteen patients in the whole hospital. As long as we kept them isolated up on their floors, and the tourists down on the lower floors, I really didn't see anything wrong with it. I said, "Let me talk to Dr. Dodge, and see what the doctors would think about it."

"Well," Mr. Kaiser said, "we'll have to do it in the morning if we're going to do it, because that's when the overflow hits."

I tried several times that evening to get ahold of Dodge, and I couldn't find him anywhere. I'm not sure, but I vaguely recall phoning Wally Herter, the pediatrician, and bouncing it off him, and kind of getting his blessing, because he was one of the partners. But I didn't call the rest of the partnership. I vaguely recall talking to Wally. Well, one way or another, it didn't strike him seriously.

I guess it was late in the afternoon when the tourists started coming. I know there was an overnight period before the doctors got there again, and the hospital was full of tourists. Well, once again, Dodge was the leader in the blow-up, but once he started blowing, Dr. Yee and Izumi and Durant chimed in, and they just raised hell. "What were they trying to do? Make them the laughing stocks of the community? Just about the time when the doctors of the community were beginning to recognize them once again, we do something like that and they'll laugh us out of place," and yah yah yah... They were most upset. "Henry Kaiser's done this again." They were sure that he was behind it.

Hughes: Which he was. [laughs]

Hancock: Yes. The doctors kept ranting, "Kaiser's not going to push us around. Kaiser's not going to do this or that. He may think he's running this place, but he's not." It was quite vocal.

I tried to get them to put the blame on me and take it off of Mr. Kaiser, which they finally did, but I think they really knew. [laughs] I told them it was my decision, that Mr. Kaiser had told me that there was going to be this surplus, and I thought it would be a good idea because Hawaii needed the money and the hospital needed the money. While we were trying to get them money, this was at least one way of getting it. I tried to get the blame on me, and they put it on me. But in the end, they were still blaming him as well.

The tourists thought it was great. They had never had such luxurious rooms in hotels--washbasin right next to your bed, and the telephone right next to the bed, and push buttons that open and close the drapes, and beds that would go up and down, night lights over the top. They thought it was just absolutely great. When five days went by and we had to get rid of them, they didn't want to leave!

Problems With the Original Partners (continued)

Hancock: That was the beginning, I think, of the rift that went on down to the bitter end.

Hughes: At some point in that rift, Dr. Dodge suggested that he might help you out by becoming medical director.

Hancock: Yes, he started trying to worm his way in as the medical director of the hospital, but if I remember right, it was very short-lived. He had second thoughts about that, and backed off. I don't remember why.

Hughes: Was that unusual, not to have a medical director from the very beginning?

Hancock: Well, as far as the medical side of it was concerned, for all practical purposes he and the partnership were the directors. Well, he was talking about being a medical director on the hospital payroll and staff. In other words, he was trying to put himself in a wedge where all of a sudden he would represent Kaiser, and on the other side he would represent the doctors and the partnership. Of course, that is not a very compatible situation. So when he wanted to be medical director, it was not of the medical side of it, but the medical director representing the hospital, health plan, and Permanente.

Hughes: Which has never been done, has it, in the Kaiser situation?*

Hancock: No, no. It's not a procedure that is done at all, other than to have somebody like Dr. Keene, who was a doctor, but in an administrative position. But Dr. Keene was not a practicing doctor, and he was not involved in any way with the medical groups as a practicing doctor anywhere. See, Dodge wanted to be both.

Hughes: Was he intending to give up his medical practice?

Hancock: It didn't get that far. I don't think he did. [laughs] No, I just think he wanted to be on both sides of the fence.

[tape interruption]

Hughes: When things at the end got tense with the medical group, particularly with Dr. Dodge, was he the one that was talking about having you dismissed as regional manager?

Hancock: Oh, yes. He was having me thrown out on the rail and tarred and feathered, along with everything else.

Hughes: Was the rest of the medical group supporting him?

Hancock: To some extent. Not as vehemently as he was. Well, as I said yesterday, Dr. Herter was still close enough that I had my family over at his beach place in Kauai taking a vacation, a long deserved vacation, when this whole thing blew up. Dr. Yee, I think, was more with Dodge. Izumi was kind of on the fence one way or the other, and really didn't want to be bothered with the details. Durant and Herter were more on my side. They didn't want to get into a conflict type of thing. But Dodge was the perpetrator all the way through.

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As we are talking about this, there's too much emphasis really being placed on the conflict between the original five doctors and Mr. Kaiser and the health plan and the hospital and the program in general. It may be getting really blown out of perspective, because in the total history of the hospital, it was just a very small, minor point, at that particular time. The basic problems were very obvious. The basic problems were that Hawaii was not ready quite yet to accept an HMO, a prepaid medical program, like we were injecting at that time. Once again, Mr. Kaiser was maybe fifteen, twenty years ahead of himself, like he was with the automobile and a lot of these other things.

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*Dr. Ernest Saward headed all three entities in the Oregon region.

Hancock: Although this caused an uproar at that particular time, it was more of an internal uproar, incidentally, than it was external. I think the medical community at that time had fun laughing up their sleeves when their colleagues got thrown out. The doctors that were thrown out had a hard time getting going again in private practice. Their life never was the same, I think, after that. But as far as the overall hospital program, and the health plan program, I think it was just a very small, insignificant thing.

[tape interruption]

Dissolution of the Partnership

Hughes: Dr. Keene, in his interview, says that he was the one who came over in August, I believe it was on August 24th of 1960, and dissolved the partnership.* The five original partners were out, and the remaining physicians were given the option of staying with the program. Do you remember whose decision it was to call in Keene and have him do the dirty work, so to speak?

Hancock: I don't recall, specifically. Number one, I was in Kauai, as I told you, having a vacation. I didn't even know that the partners were going to be dissolved. It all happened while we were at Dr. Herter's summer place. The first that I heard of it was a news story that I read on Kauai. They might have wanted to contact me, but the Herter beach place was so isolated that there was no phone or radio reception. I'll be frank, I felt rather chagrined that here I was enjoying myself at Dr. Herter's and my organization back home was throwing him out by the nape of the neck! [laughs] Along with the other doctors.

It will have to be a conjecture as to why Keene did it, because I wasn't there and I didn't know it was going to happen when I left, and this was decided within that week when I was gone. I would suspect that there was some recognition on somebody's part that Mr. Kaiser was not his normal self at that point, because most of us realized that he was not making decisions and acting the way he normally had. I would have to just suspect that either Gene or Edgar or somebody figured that it had to stop. I think they probably realized that Mr. Kaiser was not his normal self, all because of this drug situation** that I was telling you about. They probably got ahold of him and said, it's got to be done, and we're sending Cliff over to do it. That would be my guess. But I wasn't in on that decision.

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*Keene, p. 82.

**See footnote on page 63.

Hughes: Dr. Keene maintains that he was the one that took the bull by the horns.* He consulted Mr. Trefethen and he consulted Edgar. I don't remember him saying that he talked to Mr. Kaiser, Sr. And they more or less said, if you want to stick your neck out and do it, go ahead, but we can't be accountable for the consequences.

Hancock: Well, this could have been. I could see it happening that way. I don't think that any of them, really at that point, realized what Mr. Kaiser's problem was. That's why, although I kept very quiet on that particular thing for years and years, I think maybe in this context it's a good idea for everybody to realize that he had had this relatively short period where, because of the pain and everything else, he'd gotten on barbituates; I think Dr. Durant was the one who helped him get his supplies. And I think what he couldn't get from Dr. Durant, when he started wanting to build them up and so forth, he got from Dorothea Daniels out of Oakland. I think Ale was the one who figured that one out.

Hughes: Well, maybe that's a good place to break for lunch.

[tape interruption]

What were the legal repercussions when the doctors were fired?

Hancock: I don't remember any particular legal repercussions myself. It was very shortly after they were fired that I changed jobs and left the hospital. I never realized that I was actually fired, but for all practical purposes, I think I was. [laughs] It was like getting kicked upstairs: "We need you more now in getting started with the real estate development."

Hughes: But that could have been true, don't you think?

Hancock: Oh, I think it was the best thing they did. I was completely out of my element down there [at the hospital]. I was doing things that I wasn't fit for; I wasn't trained for; I had no background in. I shouldn't have been there in the first place. I left the hospital very shortly after this upheaval was all over. I'll be frank, I was so glad to get away from it, I did very little to try to keep in touch with it. I was sick up to here with it. So I don't know whether the doctors filed suit or anything or whether they didn't. I really don't recall any, shall we say, post mortems. Do you know of any?

Hughes: Well, Dr. Keene spoke of settling out of court, because it was technically a breach of contract. I guess that could be argued too, because the doctors were asking for more, which was not part of the contract.

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*Keene, 82.

Hancock: And they were doing things that the contract didn't call for, too.

Hughes: Exactly. Dr. Keene says that Mr. Kaiser settled for $120,000, which Keene thought was cheap to settle all this.*

Hancock: I would say so, getting them out of their hair and gone. No, but I just had no part of it, and I don't know.

Hughes: Was there much furor in the press when this happened?

Hancock: No. If I recall correctly, as far as the press was concerned, it was like a long shot story. They were disbanded. The press doesn't dwell on these things unless it really gets out of hand. And this did not get out of hand as far as the public was concerned or as far as the health plan members--what few we did have--were concerned. It didn't get out of hand that way.

Hughes: So the membership kept on as it was?

Hancock: Yes. The medical partnership dissolved, and Dr. [Philip] Chu formed the new partnership. And, I might add, did a good job of it. We were really fortunate that this happened. [laughs] The fortunate thing was that it happened as early as it did. I think we would have always had problems if that same group had stayed all the way through.

Hughes: Why was Dr. Chu chosen as director of the medical group?

Hancock: I don't know. Dr. Keene was responsible for that, as far as I know. I really don't know why they selected Dr. Chu.

Hughes: Dr. Keene said in his interview that it was his decision, and he had had some contact with Dr. Chu.** I don't think it was very extensive, but he was impressed with him as a person.

Hancock: I know he was a very amiable sort, and he was able to get all the rest of the doctors all pulled together pretty fast, and get stabilized very quickly. That was the nice end of it. The secondary doctors down the line were not too happy with the original partnership either, because they were being treated more like interns than partners. I don't think they were too happy with the Big Five either.

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*Keene, 84.
**Keene, 85-86.

Hancock: Then I guess it was after Dr. Chu died that Dr. William H. Dung came in. He is now still the partnership leader. Yes, it was after Dr. Chu died that Dr. Dung took over, I'm sure of it. He was the one that surprised me, because Dr. Dung seemed like such a mild... No projection. He didn't look like a leadership type of person. Good doctor. But he's been the leader of the partnership for ten, fifteen years now, and has done a good job of it.

Hughes: I understand that there were troubles with the hospital staff after this dismissal, but I suppose you wouldn't know much about that, because you were at Hawaii Kai.

Hancock: I don't recall any particular troubles. What type of troubles?

Hughes: Well, Dr. Saward implied it was a question of loyalties.* The nursing staff felt loyal to some of the partners that had been dismissed.

Hancock: Yes, this might have been. Some of the doctors had brought their nursing staff with them. Some of them, I guess, stayed, and some of them went when the doctors left. For instance, Dr. Yee's nurse, who was the head surgical nurse, I think she stayed; and there could have been maybe some minor problems, but I don't recall that there was anything major.

Hughes: Dr. Saward also implied, and he wasn't terribly specific, that he thought that the Chinese tongs played some role.

Hancock: Oh, you mean the Chinese societies?

Hughes: Yes.

Hancock: I think he's reaching. We don't have tongs that anybody's even conscious of over here in the Islands. Oh, they have their Chinese societies, just like you have the Japanese societies and so on. Each ethnic group in the Islands maintains its own ethnic background, and it proud of it. Well, we've just gotten over Chinese New Year's. People of all races go down to Chinatown by the hundreds and watch the lion dances and blow firecrackers off. You lose your hearing. [laughs] And then right after that, we'll have the Bon dances for the Japanese, and after that we'll have the Filipino festivals, and so on. But we don't have tongs in the way that San Francisco, for instance, and the mainland have tongs, where they get out and cut each other up and murder each other.

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*Ernest Saward: History of the Kaiser Permanente Medical Care Program, an oral history interview conducted in 1985, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1986, 75.

Hughes: Dr. Keene, in terms of his own career, looks upon the Hawaii situation and his handling of it as being a watershed.* He said from then on he was looked at in a different light, meaning in a very positive light. Not that he was trying to imply that all his problems were over, but I think meaning that he was looked upon as a man who definitely could make decisions.

Hancock: From then on he was looked on as an administrator.

Hughes: Were you aware of any of that?

Hancock: No. As far as I knew, he was top dog all the way through, except I did always feel that he had problems--subtle background problems, maybe--with Dr. Garfield. I don't think Sid ever did feel that he should have given up the reins.

Appointees after Dissolution of the Partnership**

Hancock: After the blow-up of the partnership, we went along fairly well, but at that point, Dr. Chu was named the head of the medical group.

Hughes: Actually, Dr. Saward was an interim medical director. He came over from the mainland at the time of the dissolution of the partnership. Dr. Keene called him in.

Hancock: Well, it was about that time that Hawaii Kai was starting under construction, and I was transferred out of the hospital and out here. [Hawaii Kai] I started going about building houses and so on.

Hughes: So you were no longer regional manager?

Hancock: Right. Yes.

Hughes: Who came in to take your place?

Hancock: Oh, what was his name? Art Reinhart. He married Edna Knuth, Mr. Kaiser's former secretary. He was only here just a very short period. Then after that, Edgar's son-in-law, Marty Drobac, came over. All these people were having problems with Mr. K., unfortunately,

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*Keene, 85.

**This section was moved for better chronology from its original position earlier in the interview.

Hancock: at that particular period. Marty came over, in fact lived just up the road here from us, and he decided that he was going to have the approach that he was running the hospital and Mr. Kaiser wasn't, in spite of the fact that they were related.

So the first thing that he decided that he wanted to do was repaint the color of the railings that were around the building. They were anodized gold. Well, he thought they ought to be painted brown, not as bright and shiny as they were. I tried to tell him that that color was selected by Mr. Kaiser way back when; I would go a little slow and paint some other things first before you start changing the looks of the entire building, because I don't think it's going to be popular.

He said, "No, I'm regional manager. It's my decision to do these things; it's not his. He's not running the hospital."

Well, he started repainting them, and the next thing you knew he was in the doghouse, way way up to his eyebrows. [laughs] He didn't last too long either.

Hughes: Because of that?

Hancock: Well, that was the starter. They were butting heads all the way down the line.

Let's see, I don't know if there was one more [regional manager] between him and the fellow that's there now, Ron Wyatt. I think there was one more in between there. Well, since then Mr. Kaiser died and there hasn't been anybody to look down anybody's throat any more. So Oakland could control it from there on out.

Comments on the Organization of the Medical Program

Hughes: I have a quote from Herman Weiner, who was medical director and chairman of the board of directors of the southern California Permanente medical group, "The crucial elements about the medical groups--their relationship to member physicians, the hospitals and the health plan--cannot be charted in a table of organization. Our essential modus operandi is the interaction of a series of intangibles."* I was wondering if you had been close enough to the medical group and to the whole operation of the health plan and the hospitals to feel...

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*Herman Weiner, "Organization and Responsibilities." In The Kaiser Permanente Medical Care Program, edited by Anne R. Somers. New York: The Commonwealth Fund, 1971, 91-96.

Hancock: Is he speaking now of this medical group or the medical group as a whole?

Hughes: As a whole. And I think what he's meaning is that even though you could perhaps chart it out, that the actual operation of it required much more than an organizational chart.

Hancock: Well, I can only comment to this extent: from what I have seen, doctors are really doctors and, really when you come right down to it, except for an occasional one here and there who is outstanding, they are not administrators and they are not businessmen. They've got lots of money, but that doesn't make them businessmen. They have a tendency to feel, however, that because they are doctors, and they're always looked up to from that standpoint as almost being God, that they can do no wrong no matter what else they get into. Medical men, as long as they stay in practice, do great. But then if you get them out into president of this society and chairman of that, they usually can't stand up. They're very difficult to deal with, because they do think they're God, because of everybody worshipping them. They do not think their judgment should be questioned. They need lay business administrators for themselves. That's about the only comment I can make on that.

Hughes: By that token, would you then say that the Kaiser system of having a separate organization for the physicians, and a separate set of administrators, is one of the reasons for the medical program's success?

Hancock: Yes, because I think in these partnerships that have been set up, most of them, as soon as they've gotten large enough, have gotten a lay administrator to do their nuts and bolts, and keep their books, and help them with their tax problems, and so forth. Most of them didn't do like our Big Five did at first and try to do it all themselves out of their hip pocket. I think each one of the partnerships on the mainland had a very good business director and business administration office. It was in their partnerships. If you'll notice, all the non-Kaiser doctor partnerships that are really good end up having something like that.

Comments on Quality of Medical Care

Hughes: Do you go to Kaiser for your medical care?

Hancock: Oh, sure. [laughter] Haven't belonged to anything else since I can hardly remember.

Hughes: And what is your opinion of the medical quality?

Hancock: As far as I'm concerned, it's excellent. One or more of my kids might not have been here if it hadn't been for the manner in which the Kaiser doctors handled things. I'm not saying another doctor wouldn't have done as well but I know that they have certainly come through when my family needed them. It's not a handholding organization; it is not one where you can sit down and spend thirty minutes or forty-five minutes chatting with the doctor before he finally gives you an aspirin and says, "Take three and get in bed."

Our doctors, most of them are qualified. We've had a few out here, for example, that I wish had not been here. My wife has a situation right now, sarcoidosis, that was allowed to go on too long because of an incompetent doctor. He just kept on saying it was in her mind. She finally got another doctor--but this is a rare case.

The one major fault that I find with the Kaiser operation, as far as the medical part of it is concerned, (this would be the medical partnerships), is that too often they are used as a stepping stone by young doctors that are coming in. They don't intend to make this their life's work, but they do want to get enough under their belt to really have a good medical background. Too often they just use this as an interim stepping stone, four or five years when they first come out of school, for an example. They can make a lot more money here than they can starving with another doctor on the outside.

For an example, I hate to tell you how many cardiologists that I have had over the last, say, fifteen years, down at the hospital. One will come and he'll stay two or three years, and then he leaves, and then you've got to find another guy, and then he'll stay for two or three years, or four; and then he goes on in private practice, and then another one comes along. The ones that take their place have always seemed very competent, and maybe better, because in the process I have seen more cardiologists than I would normally have seen. Each comes up with something that the other hasn't that seems to improve things [laughs], so it may in the end be a good thing. But my one problem is that we have too much rotation of doctors and not enough of them want to make the Kaiser plan a lifetime career.

Hughes: It's a hard one to handle, isn't it?

Hancock: Right. And it's mainly because the doctors say, "Oh, sure, it's going to be our lifetime work," and really they mean, "I want enough time to get to the point where I've got enough medical history behind me that I can go out and go into private practice, or go into partnership with some other doctor."

Decline of the Kaiser Companies

Hughes: Would you care to say something about the decline of the Kaiser companies?

Hancock: Well, it's very obvious now. I don't think that Mr. Kaiser anticipated it happening as fast nor to the extent that it has happened. But even he, I think, had recognized that the era of growth, the era of expansion, the era of pioneering, would stop with his death. I don't think he figured it would stop as abruptly as it has. When did he die? 1967, was it? Anyhow, it's been fifteen years, approximately, and within that fifteen years, practically the entire Kaiser empire has disintegrated. We're now down to aluminum, cement; steel's gone, automobiles are gone, Kaiser Industries are gone. What is it besides aluminum and cement?

Hughes: I can't think of anything.

Hancock: Unless there are just a couple of little ones out on the fringes. All the things that he had been expanding on up in Canada, they're all gone. I don't think he expected that it would disintegrate in fifteen years. Well, Edgar of course died, and Gene retired, so the two guiding lights of the old days are no longer in there. I think this may be partly Mr. Kaiser's problem: he didn't train a strong secondary string for replacements, not even in his grandchildren. And when the first string fellows dropped out of the top of each of the companies, and the secondary ones came along, they were just not strong enough to hold their own against the world. It's a heartbreaker to watch.

Hughes: What about his grandsons? They haven't shown any interest?

Hancock: None of them showed any particular interest. Well, Henry, Jr., had one son, Henry III. He has had absolutely no interest whatsoever in being involved with his grandfather's operation anywhere along the line. I think he's doing photography or something like that at this point. Edgar had four sons. The only one out of the four that has shown any particular interest in doing anything was young Edgar. He is still in there scrapping. But he isn't strong enough by himself, especially now that his dad is gone. He isn't strong enough to fight the cliques that have been set up. Each general management has set up its own clique's interest, and he can't take them all on and handle them; he's still too young and hasn't got enough strength.

Now, some of the son-in-laws did try to join the organization, but then they dropped out because they couldn't keep up. It just died for lack of a strong second string, no good replacements coming up.

Hughes: Well, my last question is, what do you consider to be your greatest accomplishment or contribution?

Hancock: Keeping up with Mr. Kaiser!! [laughter]

I don't think I made any particular single contribution to the operation, except keeping Mr. Kaiser out of a lot of other people's hair. [laughs] Because if he was after me, he wouldn't be after a lot of other people who couldn't take it.

No, I have nothing that I particularly point to and say that I should go down in history for. It was fun, and it was a good life, and it was challenging. I never worked so hard in my life; I would never work for anybody else as hard as I worked for him. But I can't say that there is anything that anybody should erect a monument or a statue to me for. [laughs]

Believe it or not, though, there is a boat park here in Hawaii Kai that's got my name. It's called Hancock Landing, because of all I did to get the marina operations here started on a sound footing. So I do have a park named after me.

Hughes: Well, that's fine! [laughter]

Hancock: I didn't think people did that for you until you were dead.

Hughes: Well, is there anything else you'd care to add?

Kaiser Relations with the Unions in Hawaii

Hancock: One of the things we haven't talked about, and it might be interesting to some extent, is the labor situation.

Hughes: Oh, yes. I had forgotten about that.

Hancock: So that the hospital labor picture makes more sense, maybe I should start with the hotel.

Hughes: Fine! ##

Hancock: We had hardly opened our doors at the hotel before Art Rutledge, who was the head of the Hawaii Hotel and Restaurant Workers' Union No. 5, showed up and informed Mr. Kaiser that he wanted to represent our employees. Mr. Kaiser told him he had no objection to the union but he wasn't going to just hand them over unless the employees indicated that they wanted to be represented. With a license to hunt, it didn't take Rutledge long to bring in enough signed cards from the employees to certify that they wanted him to represent them.

Hancock: Then came the job of sitting down and banging out a contract. We made the mistake, I guess, of designating our local legal firm to be our negotiating team, not realizing that Mr. Rutledge had a very deep-seated dislike for attorneys. He didn't like them at all, so any time he could get the best of an attorney, he would try. Rutledge negotiated the first contract himself with our attorneys and when they got through, we had a real tough contract to live with. He hadn't given us any leeway anywhere. Our attorneys had just gotten wiped out up one side and down the other. Fortunately the first contract was for only a short duration--six months or a year, I can't remember.

The next time negotiations came around, Mr. Kaiser decided that I should do the negotiating (since I had gotten to know Rutledge a bit by then), and Art decided to turn the union side of negotiations over to his newly acquired administrative assistant, John Felix.

By this time I was trying to run the hotel--I'll tell about that later--and had no time during the day for labor negotiations, so John and I would work evenings trying to bang things out. Barbara would even have him stay for supper so she and I could see each other for a short while, and then John and I would be at each other again.

The second contract was much better than the first one for us because we got some leeway and breathing room. Whereas the first contract had job descriptions that were very strict and limited, our new one ended up each description with "and other related duties" so that we could move our employees around a bit.

Earlier, when Mr. Kaiser had called me one night and said, "I think our manager is dishonest and you had better take it [the hotel] over in the morning," it didn't take me very long to see that it was not only the manager, but also the bartenders, waiters, cashiers, and who knows who else. It was one for you and one for me all over. They were all trying to be partners with Mr. Kaiser. Besides that, we were way overstaffed.

It didn't take me very long to see that I had to get rid of about fifteen or twenty people out of seniority. This guy had hired the dregs off the street, and some of them couldn't even set a table in the dining room, it was that bad. Although the seniority was very short, they had seniority over the better ones that we were able to get later on. According to the first contract, the union had to take them on as members, whether they wanted them or not.

Hancock: I finally went to Mr. Kaiser, and I said, "Mr. Kaiser, I've got to get rid of a bunch of people. You know, we just can't afford this payroll. The trouble is, the ones that have seniority are the ones I've got to keep, according to our contract, but they are the worst employees and I just can't run a hotel that way. What do you think I should do about it?"

"Well, Handy, I think if I were you, I would take my hat in hand, and I would go over and sit down with Mr. Rutledge and tell him what the problem is, and work something out." [laughs] It's very easy--all you have to do is take your hat in hand, go over and see this bull-necked moose-faced character that's tougher than nails. Scared me to death.

So I took hat in hand and went over and, believe it or not, Art said, "I know you've got a bunch of dregs over there. But nobody asked me to come and help you get employees. I could have told any one of you you're gonna go broke the way you're going right now." Believe it or not, he helped me devise ways and means of getting rid of these dregs, out of seniority. We worked out a way that if I could find any reason to fire them--setting the table wrong, putting the spoon on the wrong side, whatever, he didn't care, fire them--but let him know before they were fired so that when they came running over to him yelling for security, he would be primed to jump down their throats and throw them out of the union. So believe it or not, we fired fifteen or so out of seniority, and in the end got down to an operating level that we could afford.

Well then, from there, while we were doing our construction [of Hawaiian Village], Art decided that he wanted to organize what they called the "mud trades"-- cement finishers, plasterers, drywall applicators, stone masons, block masons, so on--that use mud for their trade. Art wanted to organize the ones working for us, and be their representative. Again Mr. Kaiser said, "Well, Art, I don't care if you're their representative, but I'm not just going to hand it to you automatically, and say, 'Here, you take it.' If the fellows want to sign up that they want you to represent them, that's their business. But I'm not gonna just give it to you."

Well, that was giving him a license to hunt again, and it didn't take more than just a short time when Art was back with another batch of signature cards saying that they wanted him to represent them as their union leader. Then he said, "Well, when can we sit down and negotiate a contract?"

Mr. Kaiser said, "Well, I don't think we need to sit down and negotiate a contract."

Hancock: "Oh, we've got to have a contract, Mr. Kaiser. I can't represent the men without a contract."

He said, "I didn't say that we shouldn't have a contract. I just said that I don't think that we have to sit down and negotiate one. You go out, Art, and you go over and draw up a contract that is fair to you, fair to me, fair to the men; something that we can all work with; something that I can look you in the eye and you can look me in the eye and say, 'This is fine,' and I'll sign it." Well, his partner, Fritz Burns, who was sitting in at that meeting, just about went out of his mind to think that Mr. Kaiser would even think of just letting the union write the contract.

Couple weeks later, Rutledge came back in with a stack of contracts, and said, "Well, here's the contracts, Mr. Kaiser." He laid them down on the desk, and the boss picked up the top sheet and said, "What page do I sign on?" Art said, "Aren't you going to read it?" "No," Kaiser said, "I told you that if you drew up a contract that was fair to you and fair to me and fair to the men, why, I'd sign it. Now what page do I sign it on?" And he grabbed his pen.

Well, his partner, Fritz Burns, was just going out of his mind to think that he would even consider signing a contract without reading it. So Art said, "I'll tell you what, Mr. Kaiser. I had my staff draft the contract. I think I know pretty well what's in it, but I haven't read it that carefully because I thought you would be wanting to read it too. Let me take it back and go over it again, just to make sure the fellows that drew it up for me got everything in the way I want it."

So Kaiser said, "Well, all right Art, whenever you're ready. I told you I'd sign whatever you thought was fair." So Rutledge disappeared with his stack of contracts, came back two or three days later, laid the contracts down, and said, "Well, here's one we can live with, Mr. Kaiser." The boss said, "What page do I sign on?" He said, "The next to the last page." So Mr. Kaiser signed away without even opening the top cover page of the thing. Fritz Burns was just livid. You could see he was white at the thought.

So they said goodbye to everybody, and as soon as Rutledge disappeared, the boss picked up the contracts and shoved them over to me and said, "Handy, you'd better go read these things and see what I've gotten us into." [laughs] So I went out, and I started going over the thing, and it was a very, very mild, standard boilerplate type of contract. I couldn't find anything wrong with anything in it. I finally got down to the arbitration clause, and instead of being the typical arbitration clause where the union would get an arbiter and we'd get an arbiter, and then they in turn would pick a third, the arbitration clause read:

Hancock: "In case of dispute, Henry J. Kaiser will be the sole arbiter, and his decision will be final." You would not find that in any union contract anywhere in the world, I don't think, where one of the principals was the sole arbiter.

This is the kind of relationship that Mr. Kaiser and Rutledge had by then. Rutledge respected him very, very much. So when the UPW [United Public Workers] wanted to get in--maybe you don't think I leaned over backwards in every way, shape, or form. Mr. Kaiser didn't make any suggestions along this line but boy, I did everything I could possibly do to throw that election to Rutledge and not to the other union. We had such a good working relationship.

Well, that relationship carried on through into the hospital, and even after Mr. Kaiser died, it still lasted. We never had any labor problems on the job while that contract was in force. We always made sure that there were no labor problems that needed any arbitrating. But shortly after I left the hospital, they started having labor problems because they'd send the industrial relations guy over from Oakland to handle the labor problems. Once again, this was like sending an attorney to negotiate with Rutledge.

They started having problems and threatened strikes and so forth, as a result. I will say this, though, for Rutledge--when it got to the point where he was either going to have a slowdown or a walkout or what have you, he would get on the telephone and call me at Hawaii Kai and tell me, so that if I thought it was serious enough or worthwhile, I could in turn get in touch with Edgar or Gene and say, "Hey, they've got something that's getting out of hand over here. You might want to look into it before it gets too far down the road."

Rutledge would never call a slowdown; he would never call a strike, or he would never call anything against the Kaiser organization, unless he had given every conceivable possible warning to prevent it. If we were going to have a concrete pour at the hotels that we were building, and he was having trouble with a particular subcontractor he was trying to organize, and he was going to pull the men off the job to force something, he would always call and say, "Handy, I've got a problem with your glass man," or whoever it was. "I think we're gonna have to have the fellows have a coffee break tomorrow morning."

"Oh, no, you can't do that! I've got a concrete pour coming in! You just can't do it at that time." He'd say, "Well, how about the next morning?" I'd say, "The next morning's okay. But I mean, God, not tomorrow!" [laughter] He would never do anything to slow down a Kaiser job.

And I think that's worthy of adding to the interviews.

Hughes: Now is there anything else you can think of?

Hancock: [pause] No, nothing. I'll probably think of a dozen things after you leave, but I think it's been pretty well covered. With all of the other stuff that you've already got, why, I would say that's about it.

Hughes: Well, thank you.

Transcriber: Shannon Page
Final Typist: Shannon Page

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APPENDIX

BIOGRAPHY
of
LAMBRETH HANCOCK
("Handy")

1917 - May 20, born in Paris, Tennessee. Family moved to California when he was 5.

1925 - Started working at age 8 as a printers devil. Worked throughout schooling during depression.

1936 - Quit Junior College because opportunity arose to buy a community weekly newspaper in LaVerne, California together with printing plant for $7,000.00, $700.00 down which he borrowed from an aunt at 7% interest. As editor and publisher of the LaVerne Leader, he was the youngest publisher of an adjudicated newspaper in the State of California. He also served as a correspondent for the Los Angeles Times and Associated Press.

1940 - Sold the LaVerne Leader and bought another newspaper, The Ramona (Calif.) Sentinal.

1941 - When the U.S. entered World War 11, rationing, etc. resulted in the loss of 50% of the advertising in his newspaper. While his father (retired) held the paper together, Hancock got a job as city editor on the Ontario Daily Report (Calif.) to provide income, until newspaper could be sold.

1942 - Accepted position with the Kaiser Steel Corp. in Fontana, Calif. just being built by Henry J. Kaiser. Served as Publications Director for two years.

1944 - Joined the United States Navy. Following basic training became an enslisted combat correspondent on board the U.S.S. Shangri La air craft carrier in the Pacific combat theater.

1946 - After release from Navy, returned to the Kaiser Companies Los Angeles public relations office as administrative assistant to Henry J. Kaiser, Jr.

1952 - Transferred to the Kaiser Corporate Headquarters in Oakland, Calif. as Executive Assistant to Henry J. Kaiser, Sr.

1954 - When Henry J. Kaiser came to Hawaii, Hancock transferred there also serving as Executive Assistant to Mr. Kaiser and usually a second responsibility which variously included being project manager for the construction of the Hawaiian Village Hotels, followed for a time as hotel manager; project manager for the construction of Radio and T.V. stations KHVH, followed as controller; project manager for the construction of Kaiser Hospital, followed by being first Regional Manager of the Kaiser Health Plan; various positions in the Kaiser Hawaii Kai real estate development until Mr. Kaisers death. Continued as vice-president in charge of marketing until retirement.

1974 - Retired, but continues some activity in real estate with Gloria Damron Associates, Realtors. Also active in Rotary Club of Hawaii Kai of which he is a charter member and founding member and past-president (1976-77); Member of the Board of Directors of the Easter Seal Society for Crippled Children and Adults; Member of the Neighborhood Board, No. 1 (Hawaii Kai). (He is also his own typist which accounts for some faulty typing above.)

1981-82 District Governor, District 500, Rotary International (Hawaii).

Biographical Update

for

Lambreth "Handy" Hancock

Lambreth "Handy" Hancock (only his mother is allowed to call him by his first name) became a Rotarian in 1972 as a member of the East Honolulu Rotary Club.

When, in 1973, East Honolulu Rotary Club decided to sponsor a new Rotary Club in Hawaii Kai, Handy Hancock was one of five men who worked with PDG Sam Bird to organize the new Rotary Club of Hawaii Kai and was a charter member of the new club.

He served as President of the Hawaii Kai Club for the year 1976-77 and has been the clubs Bulletin Editor since 1974.

Hancock was one of the founding directors for the Hawaii Rotary Youth Foundation and has served as a director since its formation. He participated in the organization of the 1977 District Conference, and has served as District Governor's Representative for William L. Wong for 1979-80. As the District Governor's representative he has coordinated the Group Study Exchange activities for the visiting GSE team from South Africa for the East Honolulu, Hawaii Kai, Windward and Kaneohe Rotary Clubs.

Hancock is the District Governor Nominee for the year 1981-82 for District 500. As such, he served on the scholarship selection committee for District 500 for the Rotary Foundation.

Speech Intros

Lambreth "Handy" Hancock
Governor, District 500
Rotary International

Lambreth "Handy" Hancock (only his mother is allowed to call him by his first name) started his career in Rotary eight years ago when he joined the Rotary Club of East Honolulu. A short time later, when the East Honolulu club sponsored the Rotary Club of Hawaii Kai, Handy was one of the charter members and organizers of the new club under the guidance of PDG Sam Bird.

He served as president of the new Hawaii Kai club during the 1976-77 Rotary Year. He was also one of the founding directors of the Hawaii Rotary Youth Foundation and has served as a director since the inception of the Foundation.

Handy started his business career at the tender age of eight when, during the depression, he became a printer's devil with a small Southern California Weekly Newspaper - The San Dimas Press. This kept him in spending money and while he majored in Journalism. At age 19, he bought his own weekly newspaper, the LaVerne (Calif.) Leader and became the youngest publisher of an adjudicated newspaper in the State of California, which he later sold and bought another weekly paper, the Ramona Sentinal.

World War ii completely changed Handy's life and he found himself joining the organization of Henry J. Kaiser as Publications Director for Kaiser Steel. A bit later he was in the U.S. Navy serving as a combat correspondent on the USS Shangri La (aircraft carrier) in the Pacific area.

Following the war, he re-joined the Kaiser organization and ultimately became executive assistant to Henry J. Kaiser, first on the mainland and later in Hawaii during the building and operation of the Kaiser Hawaiian Village Hotel, the Radio and Television stations KHVH (which stood for Kaiser Hawaiian Village Hotel) the Kaiser Hospital, the Permanente (Kaiser) Cement Plant in Nanakuli and thedevelopment of Hawaii Kai.

After the death of Henry J. Kaiser, he continued on with the Hawaii Kai Development as Vice President, Marketing until he retired seven years ago.

Hancock's chronology of events in the
foundation of the Honolulu medical program, circa 1954.

I am putting this report on paper because I want you to get the facts complete and with the present state of my nerves, I'm not sure I could present it all orally.

We have a tempest in a teapot with the doctors, over trying to end the subsidy covering the excess doctors we started with in December.

This is the chronology of events from the beginning, so you will hav the complete picture:

May, 1958 We organized with the partnership. Everyone was enthusiastic and optomistic. We felt we would start December with 16,000 members. The doctors were looking forward to security and a chance to practice medicine without economic problems.

June-Sept., 1958 Organizational work started. One of the problems was securing enough docotrs to serve 16,000 members. Commitments were made by P.M.A. for five doctors, effective Dec. 1st. P.M.A. and Health Plan also agreed that doctors and membership would be kept in balance--that if doctors were unobtainable, Health Plan would hold back on sales; or if Health Plan was delayed, doctors would be held back.

Sept., 1958 At this point, it was obvious health plan would not reach the hoped-for 16,000, and the doctors were advised to hold up on securing more doctors. They had already made firm commitments for five, however, in addition thethe founders.

Nov., 1958 We opened the hospital after a heated and bitter disagreement over the opening date. At least two or maybe three of the P.M.A. founders were ready to withdraw. My whole object in life at this point was to pull you and the doctors back into harmony again. At this point, Dr. Dodge started on a platform of " Kaiser isn't going to push the doctors around!".

December, 1958 We had only 5,500 Health Plan members, but ten doctors were committed for. There wasn't enough HealthPlan money being generated at $1.35 to pay the P.M.A. payroll and feeling we were morally obligated, I made the ill-fated decision to subsidize the excess of payroll over per-capita income. I should have discussed this with you, but knowing how displeased you were with the doctors and how touchy the doctors were at the time, I didn't want to risk a complete blow-up. We were all sure that the membership would climb fast and the subsidy would probably only run for a couple of months.

December, 1958-January, 1959 Membership didn't start to climb as expected. Also, we put tourists in the hospital on a moment's notice, without consulting the doctors, because Dr. Dodge refused to answer his telephone all that Sunday. The doctors were most upset the next day and relations were very strained again for some time.

All this time, a situation was developing about which none of us were aware. The doctors were busy withstarting up problems- the hospital staff was equally busy. Because of this, most of the dealings between Hospital and Doctors was through Dr. Dodge--this arrangement he fostered, telling us the doctors wished it that way and had empowered him as their spokesman. I fell in his trap. So did the doctors.

Also, knowing how far behind we were in our forecasts and that our money wouldn't hold out, I kept a tight rein on the expenditures for anything not necessary for medical care.

At this time our hospital utilization was exceedingly high and several conversations with Dr. Dodge were held, trying to figure ways and means of bringing it in line. These fell on deaf ears, as the attitude was " We won't practice assembly line medicine--we aren't interested in mainland statistics." Apparently none of these discussions were taken back to the other partners.

In one of our meetings, however, Dodge agreed that we would end the subsidy when we reached 12,000 members. This would represent the membership that should be handled by the 10 doctors being subsidized. Dr. Dodge will deny this agreement and I should have confirmed it in writing, but didn't. Mistake No. 2

It was at this time I wrote you the long memo explaining the subsidy and explaining the agreement to close the open end at 12,000 members. I would not have written you this on paper and made a definite committment, had it not been a fact; although Dr. Dodge will deny such an agreement now. Recently I learned that he never did discuss it with the other partners.

At about this same time--when you were on the mainland for three weeks-- Dr. Dodge asked Fred Carroll and me to come out to his home to "talk some things over." The following is a summary of the points made at that meeting by Dr. Dodge: (I don't think these are the sentiments of the other doctors).

1.-We aren't going to operate on statistics.
2.-We won't be pushed into assembly line medicine.
3.-That our operation is a cheap, shintzy outfit.
4.-There is plenty of money around to make up losses. Mr. Kaiser won't let the hospital go bust. He has lots of stock and can sell it if necessary.
5.- Hancock is a penny pincher.
6.- I (Dodge) can quit any time and make more money in private practice.
7.- Some very ill-chosen remarks were made by Dodge about one of the other partners.
8.-That the doctors don't trust us-either here or on the mainland. That Homer and Sam had been warned when they were on the mainland " don't trust them".
9.-The doctors don't feel they know what is going on. Fred and I both urged that we have joint meetings with P.M.A., but he (Dodge) said the other doctors didn't want to bothered with business details and had empowered him as their spokesman. That he took back to the doctors all the information given him. We repeated, for the 100th time, that our operation was open to anyone at anytime there was information wanted. Just ask.

AND then the Clincher---

10.- I (Hancock) don't know anything about hospitals and need help. He(Dodge) would like to help by becoming Medical Director. Then he could effectively keep the other doctors in line. He would be willing to quit his practice and go on hospital payroll. This had the approval of all the other partners. (Which I later found out was not correct)

Fred and I talked at length, trying to re-establish his understanding of

of the problems and when we left we felt we had succeeded somewhat. By the next day Dr. Dodge had calmed down and came in to say to forget the Medical Director business, that maybe it wasn't such a good idea after all.

Feeling all was calm again, I dropped the incident as just a bad night.

Feb.--April, 1959 Things went reasonably smoothly it seemed. All of my concentration was on Health Plan and other Kaiser projects. Health Plan began to grow encouragingly. Occasionally I would try to have a meeting with Dodge, but he would flit in the office only long enought to get started on a subject, then would dash out before a thorough discussion of a problem could be held on a subject that he didn't want an unfavorable decision on--i.e. Doctors establishing a utilization study committee; opening the Kailua clinic; completing by-laws; relation of private practice to health plan and who was to pay for the equivalent of doctors to cover it.

We would just barely start a discussion and he would be gone to see a patient, or something, and would put it off until we could get together again. Fred, Harold and Bob were experiencing the same difficulty.

At one of these quick sessions he mentioned there was a Dr. Schlov who was very eager to join us. I said, " Don't put him on until we can support him with Health Plan." The next month, Dodge had hired him without saying a word. Mr. Tompkins went on the P.M.A. payroll the same way. Then in April, Dr. Dung went on--this doctor, I should explain, was committed for way last summer, but without Dr. Schlov and Dr. Tompkins, the $1.35 would have practically paid for him in April.

Since these doctors were not needed for Health Plan coverage at the time and since Hospital was not even consulted about being obligated for their salaries, I did not include them in the subsidy reimbursement.

Neither could I get Dr. Dodge to sit still long enough in any 'Jack-in-the-box' meetings to discuss the subject. This was mistake NO. 3. I should have forced the issue instead of waiting until "another meeting".

About the end of March or first of April, he called for another meeting at his home to "talk things over". This time he wanted Bob Jack, Harold Harrison, Fred Carroll and myself again. He started the evening by saying all the partners knew he had called the meeting and approved it.

The subject matter was almost a repeat of the evening when just Fred and I were there, except I was even a worse penny pincher than before and how could Bob Jack be administrator if he couldn't even approve a capital expenditure of over $50.00.

As before, the evening ended in Dodge wanting to become the Medical Director again. And after a tirade against me, I suggested if I was a bone of contention holding the purse strings, maybe I should bow out and let someone else hold the purse strings--but someone would have to. He agreed.

Again there was the statement that the Doctors didn't trust us and didn't know what was going on. All four of us urged that we hold weekly meetings with all the doctors, but Dodge crawfished and said the doctors didn't want to be bothered--that he was their spokesman.

The next morning I called every one of the partners and told them of the meeting(only one of them knew Dodge had called it)

and told them any time they had questions or wanted information, to ask and books and records were open. They each thanked me and said they appreciated it, but apparently no one had any questions troubling them, as none were asked.

At the same time, it was obvious to Bob, Fred, Harold and me that Dodge was trying to keep the other doctors away from us and keep us away from the doctors so he could be the king pin.

We determined to bring the other P.M.A. partners in on everything we could and have tried to follow that course ever since---against the wishes of Dr. Dodge. He has even gone so far as to instruct the doctors that chain of command must be followed and they should not contact hospital staff. He has also told Hospital staff not to talk to the other partners, as they did not understand all the situations and it only confused them. He would give them the information so they would not be confused.

We held one meeting, after much difficulty with Dodge in getting it called. The memo "invited" the doctors to attend the meeting. Dr. Dodge made a big issue over my calling a meeting and "ordering" everyone to attend without first talking it over. He was also very concerned about the purpose of the meeting. I explained it was a general meeting of Hospital staff to keep every one appraised of various departmental activities and we were "inviting" the doctors to come if they desired to come. No one was"ordered"to come. We even changed the day for the meeting to suit what Dodge said was a better time for the meeting. The meeting was an explanation of health plan activities, nursing service activities, hospital utilization evaluation with other areas, etc. We tried to keep it informative and not argumentative.. By this time, too, the subject of our not reimbursing P.M.A. for doctors in excess of the original 10, came up several times and Harrison advised Dodge they had not been reimbursed but payment had been held in suspense pending a decision.

From this point until recently, Dr. Dodge was most understanding and cooperative. I felt at last we were really arriving at harmony and understanding. Health Plan was growing fast and Fred and his staff were selling hard, trying to reach Not only 12,000 , but 14,000 by May 1. We wanted to end the subsidy at 12,000 members, but also add 2,000 more members so the doctors would have a buffer of income to cover their expenses.

May, 1959 We reached 14,000 health plan members. We were all elated--you, me, Fred---all of us. This would cover the P.M.A. commitments and provide a buffer. Dr. Dodge, Harrison and I had a meeting over general accounting problems in early May and at that time the end of the subsidy was discussed.

We all agreed that we should get to a contract basis---that if the $1.35 was not correct, then we should discuss amending the contract(as provided for in the contract), but the sooner we got onto a business-like basis, the better everyone would feel. Dodge said he wasn't sure the 14,000 members would cover the P.M.A. payroll; but before we could go into detail, he had to go take care of a patient, or something, and left. I told him we would be glad to discuss it whenever he was free.

May 18th Imet with the partners to complete the arrangements to end the subsidy. You called at the beginning of the meeting and when finding out I was with the doctors, you wanted to know if there was a problem. I said "no", butt little did I realize how wrong I was!

I discovered that the partners' understanding was that they received all of their private patient income, regardless of the ration to health plan membership for the first year. This is understandable, because the contract is not clear, realtive to private patients. It refers to the doctors being encouraged to continue their private practice and does not spell out the relationship to Health Plan income, except in adjustment for rent a d expenses if private patients exceed 15% of health plan patients at December, 1959.

The partners were 100% united in their belief that the private patient income was promised them a year ago to augment their income; that any adjustment would be made in December, 1959 if private patient exceeded 15% of health plan.

There wasno doubt in the minds of the doctors but that they had been promised all their private patient income during the organisational sessions a year ago. After a pointed question as to whether they honestly felt this was really right and reasonable--to which I got a united "Yes", agreed to reimburse them for the money held in suspense---this is probably my mistake No. 4.

The doctors feel:

1. That Health Plan forecasts have not been accurate at all.
2. That they were sold on joining the plan on forecasts and promises that have proven too optomistic.
3. That they have received income since Dec. 1958 less than their normal private practice income (they claim they used to average $30,000 to $40,000 per year net).
4. That it is not their fault that Health Plan sales did not come up to expectation.
5. That they have been willing to go along with a delay in the time a divisible surplus will start (or "invisible surplus" as one doctor has defined it) , in as muchas they can augment their income through private patient revenue.

They also feel that if the sibsidy is stopped now, the per-capita payment should be increased at least to $1.80 or maybe $2.00 to cover their expenses, plus allow a cushion for adding doctors in expectation of Health Plan increases. They have to commit 60 to 120 days ahead to obtain doctors, regardless of Health Plan enrollment.

They feel that the basic $1.35 for Hawaii is not realistic in Hawaii if that is the figure for the mainland, as living costs here are 20% higher and therefore the $1.35 should be increased 20% just to cover this differential.

The meeting terminated with the understanding that we would work up a forecast of what the per capita payment should be, based on an estimate of the probable requirements of adding doctors at various levels of Health Plan membership during the period of membership growth up to 30,000.

The meeting ended amicably, with everyone in good spirits. But--apparently afterward there was a "post-mortem" meeting wherein some of the doctors became exceedingly irate over the withholding of salary reimbursement of the doctors (Tompkins, Schlov and Dang) who had been committed to the payroll by Dr. Dodge without informing anyone in the Hospital.

From this point, I cannot report fact, as all I have heard is second hade messages "sent" to me from Dr. Dodge and/or the doctors through third parties, as follows;

1. Holding back this reimbursement might even be embezellment.
2. The partners are all ready to quit.
3 We are going to get rid of Hancock, and you can tell him so.

There is obviously a clash between me and Dr. Dodge. I honestly don't know its cause, unless it's that I have been trying to keep a lid on our expenses or he resents my position.

I have tried to watch expenses because I know the difficulty in raising additional capital. I also know that every extra dollar we spend over our original forecast means a postponement of the day of divisible surplus and other benefits to the partners. I have felt as much responsibility to them as to the hospital.

However, if I am a source of trouble, I would rather resighn than take a chance that our hospital program will fail. We are now on the brink of success and this can't be spoiled for the the thousands of people who will ultimately benefit.

If you feel I have been wrong in following a line of appeasement while stalling for time to build our revenue to hurtle these starting-up economic problems, please accept my resignation, and let me bow out as quietly as possible.

This decision has not come easily--- to throw away 16 years with the company at a time when the boys are ready for college. But I feel that if I have not been able to handle this hospital situation properly, you could not trust me in any other responsibility.

I will always cherish this last eight years working directly with you--and you will always have my respect, admiration and affection.

I write this chapter not to depreciate or belittle Henry J. Kaiser in any way. I admired him and respected him too much to ## smudge his character in any way. I write it only because it shows that he was human and subject to frailty of man just as we all are. [illegible]

I do not know of any man I have ever known who had more will power than Mr. Kaiser had. As an example, in his younger life he thoroughly enjoyed smoking cigars and he smoked the best, each $$$$$$$$ hermetically sealed in it own aluminum container. At times, when the pressures were great he would almost chain smoke them and there was always a big, inlaid, humidifier on his desk full of them.

From time to time, when he had his medical check-up; the doctors would tell him they thought it was time to give up cigars for a while and he never questioned it. He would put the lid on the humidifier before him and never touch it again until the doctors would say he could light up again for a while. By his actions when he was "off", you would never know whether or not it even bothered him.

Later in his life, in Hawaii Kai when he became less active and tended to put more weight on his already heavy frame, the doctors ## would tell him he would have to lose weight.

Mr. Kaiser often said "My only affliction is that I suffer from stomach trouble. I never can get enough in it."

This one particular time, they said he would have to go on a very rigid diet, and they took him off of practically everything he enjoyed eating. They did say, however, that if he got hungry between meals that he could eat all of the shark fin soup that he wanted to fill the void in his stomach.

With this permission, every day, he ordered a big kettle of shark fin soup from the Golden Dragon Room at the Hawaiian Village, which by now had been sold to Hilton, and would snack on soup almost constantly throughout the day.

He always seemed to have control of himself. At coctail parties and at home, he would drink his share of the cocktails, but I have never seen him when I thought he was tipsy - happy yes, but not tipsy.

There was only one thing that he had a low threshold of tollerance for and that was pain. Fortunately most of his life he had been healthy, strong and had suffered little sickness or pain.

Along about 1957-58, however, he developed an arthritic condition in one of his big toes, and spurs developed in the main knuckle joint. It was painful and it bothered him no end.

The doctors first prescribed aspirin but the condition continued to grow worse and more uncomfortable. He asked for something stronger and they gave him something like emperin and codine but in very restricted doses. Mr. Kaiser, following his old addage that if a little will help more will help more, began to double up on the dosages. When the doctors found he was using up the prescriptions too fast, they would admonish him and his consumption droped back to normal - they thought.

What they didn't realize was that pain was his Achilles' heel and he would do anything to relieve it.

Sureptitiously he started getting pain killers without their knowlege, and stronger and stronger ones. It was relieving his pain, alright, but it was beginning to effect his mind and his decisions. We thought maybe senility had set in. They hadn't come up with Alzheimer's disease then.

One night when he could not sleep, but was pretty well loaded with pain killer, he tried to get out of bed, fell and struck his head on a sharp object, gashing his scalp. Scalp wounds bleed quite freely and his was bleeding profusely. Fortunately he was able to make his way to the side of the room where an intercom was located in the wall, pull himself up just long enough to call for help.

In her nearby bedroom, Ale Kaiser heard his call and came rushing to his aid finding him laying in a pool of blood. Being a nurse, she knew all the right things to do immediately and soon had the blood flow stemmed and his doctors were called.

Finally the ~~story~~ truth came out. He had been taking more and more pain killers, and obtaining stronger and stronger ones as time went by until he was hooked, and nothing seemed to do any good for his pain. Where the supply came from was never known for certain, but Mr. Kaiser had numerous people, other than doctors, on his hospital staff, nurses and others, who had access to pain killers. We just suspected he called one of these who would send him a "care package".

The doctors determined that the best thing to do ### under the circumstances was to operate on the toe and remove the knuckle joint, which they did. Then, following a carefully supervised period of withdrawal, it was not long before he was his own normal self once more and any signs of senility completely disappeared.

Once he recovered, I do not think he ever took anything stronger than an asprin for pain the rest of his life, but the incident did explain some of the strange actions and decisions that were made during that time.

When Kaiser started driving piles for a Kaiser Medical Center in January, 1958 on property he had acquired on Ala Moana Blvd. #### backing up to the Ala Wai yacht harbor, it sent racing shock waves through the medical community on Oahu. They had no desire whatsoever to welcome Henry J. Kaiser and his "socialized medical plan" to Honolulu.

Like it or not, Mr. Kaiser had made up his mind to bring ### the Kaiser-Permanente Medical care program to Hawaii where he could see a genuine need for it. His medical plan was a thing he had pushed since its inception in 1933.

When he was a boy of only 16, Kaiser's mother died in his arms.

"We were poor. We could not afford a doctor nor the hospital care that probably could have saved her life." Kaiser related in one of his speaches. "I resolved then and there to do something about people dying for lack of medical care."

Mr. Kaiser's family were poor emigrants from Germany. His father was a shoe maker in the little town of Canagahera (sp?), N.Y. where Kaiser was born and raised. In fact his father went blind though his sight might have been saved had they been able to afford medical care. Even before Mr. Kaiser himself got #$#?#$# well established, he and his wife also knew what being poor meant and his first wife had a major operation, I understand an## appendectomy, on the kitchen table because they couldn't afford to go to a hospital.

"This only increased my desire to do something so that the average # person could afford to be sick." Mr. Kaiser continued.

Although he had the desire, he lacked the spark or catalyst needed to start a medical program until 1933 when one of his contracts was cutting a canal through the desert to carry water from Boulder Dam to Los Angeles. Some 5,000 men were working on the project and if any of them or their families was injured or took sick, they had to be transported miles and miles across the hot desert to the nearest facility in Indio, California, or 200 miles beyond to Los Angeles if

it was extremely serious. The old ambulance was known as the "oven on wheels" because in those days there was no air conditioning for cars.

A young surgeon, Dr. Sidney Garfield, organized a small group of physicians and tried to establish a 12-bed hospital in the desert to serve the workmen and their families on the traditional fee-for-service basis. The men liked it, the contractors liked it, the families liked it, but financially it didn't work because there was not a steady flow of income. The doctors did well one month but starved the next. It looked like they would have to pull out. Finally the contractors, insurance companies, the men and their families worked out a plan whereby each would contribute a set amount each month to the doctors. They in turn would treat the sick and injured at no additional fee when needed.

Thus the nucleus for the Kaiser health plan as we know it today, was started. Wherever Mr. Kaiser would go in his contracting business he would try to establish his health plan and hospitals - Grand Coulee Dam, at his shipyards during the war in the San Francisco Bay Area and Portland, Oregon; at his headquarters in Oakland, and his Steel Mill in Fontana. At each populated area where he tried to start his health plan, it met with stiff resistance from the Medical community who were steeped in the fee-for-service method of practicing medicine. Kaiser's brand of medicine caught on at each location, and grew, however.

Honolulu was to be no different, but it was no wonder that with his plan doing well up and down the West Coast by 1958, that he would want to bring it to Hawaii.

It might be well to point out that once again Kaiser was 50 years ahead of his time because the very type of medical program he started in 1933 in the desert is what the United States Government is formulating 50 years later in HMO's (Health Maintenance Organizations).

When he first started trying to line up a nucleus of physicians who would start the health plan in Honolulu, he found most all had their hearing aids turned off.

Finally, five months after he started building the hospital and the workmen were pouring concrete for the 8th floor, he was finally able to

find five highly qualified doctors to be the nucleus of the medical group who would care for health plan patients. In May 1958 they organized. There was Dr. Richard Dodge, orthopedics, Dr. Wally Herter, pediatrics, Dr. Homer Izumi, general medicine, Dr. Samuel Yee, surgeon, and Dr. Richard Durant, internal medicine. All had been well respected members of the Honolulu medical community. I say "had been" because the moment it became known that they had gone with Mr. Kaiser, they were completely ostracized by their former colleagues. Even their wives, who had been close friends of other doctors' wives were shunned as if they had leprosy.

The five founders stuck it out, however and started building a team of additional doctors because it was anticipated that there would be pre-sale of health plan members of about 16,000. It didn't work that way.

Estimates had been made based on Mainland experience, where the population is more fluid, and the general public is accustomed to going to new doctors from time to time.

Not so in Hawaii. Here, two and three generations had gone to the same doctor or his doctor's son and they were not about to shift to the Kaiser plan if they had to leave their family doctor, and in the Kaiser plan they did have to chose from one of the doctors in the medical group.

Consequently when the hospital and clinics opened in November, 1958, just 10 months after the start of construction of this 10-story hospital building (a record breaking feat in itself for Honolulu) there were only 5,500 health plan members instead of 16,000. During the 10 months of construction, I had found myself as project manager, in addition to a lot of the other extra carricular projects Mr. Kaiser was in the midst of at the hotel. Then suddenly, he decided that I should become the first Regional Manager for the health plan and hospital, and also ride herd on the medical group who were a bit disgruntled because we had only a third of the health plan members they had expected and their income was not as good as they expected.

I discovered that running a health program was very parallel

to a hotel operation. The patients were the equivalent of the tourists and had to be cajoled and entertained as well as treated. The doctors were the prima donnas instead of the musicians. The main difference was that in a hospital your guests were horozontal instead of verticle. The rest was similar. Rooms had to be cleaned and made up, food had to be prepared and served, bills had to be collected and hopefully a profit would eventually be made.

During the first nine months that we were open, our entire 9th floor remained empty. That was the maternity floor and a member had to be in the plan for 9 months before it covered a new baby. In fact, Miss ##### Miura who was in charge of the floor would stop me and plead, "Please, Mr. Hancock, get us some babies. It's lonesome up here."

Almost nine months to the day, she stopped me and said "Mr. Hancock, isn't there some way we can turn the babies off?"

The health plan grew and grew in spite of opposition from the medical community because it provided so much more care for the money. Also as people would come to visit patients, they were well taken with the uniqueness of the hospital design. Nursing stations were in ##### a wide center corridor with a nurse stationed within a few steps of her patients, instead of being down at the end of the hall. Visitors entered from outside lanais, thus visiting hours could be more lenient, They didn't get into the central working corridor. In the maternity ward, each room had its own nursery right behind the mother's bed and a window through which she could watch as the nurse cared for her child. If she wanted the baby with her, she pulled the crib-drawer from the nursery into her room by her bed. If it cried and she wanted rest, shove the crib-drawer back into the nursery and it lit a light signaling the ##### nurse she was in charge again.

Every room was a two-bed room. No multiple bed wards. Each bed was electrically controlled up and down by the patient, who also had electrically controlled drapes that could be opened and closed to see out over the yacht harbor. Each bed was next to a cabinet in which was housed the telephone, a sink with hot and cold water for # freshening up when desireable. TV,

which was mounted from the ceiling at the foot of the bed, was also remote controlled. Even oxygen was piped to the head of every bed. No need for bulky cylinders and carts.

Yes, people liked what Kaiser was doing in medicine and it caught their imagination and health plan rolls grew.

During the Christmas-New Year holiday season, however, of 1958-59 our plan members were very low, as was the hospital utilization and we were losing money right and left. Only one or two floors had patients on them and they were being concentrated in order that nursing service could be most efficient with the fewest nurses.

Waikiki was overrun with tourists, the weather on the mainland was miserable and cold and people already in hotel rooms were refusing to go home, yet tourists kept flooding into Waikiki (with every Luraline sailing and plane landing.) The Hawaii Visitors Bureau was even making pleas to Honolulu residents to open their homes and take in as many tourists as they could to ease the bed shortage.

Mr. Kaiser got another one of his "10-a-day ideas" and phoned me. "Handy, why don't we open the floors we are not using to tourists for a few days. It would ease the shortage of hotel rooms and make some money for the hospital at the same time."

I couldn't think of a good reason at the time not to do it and said OK. I did, at least, try to phone the chairman of the medical group to let him know, but he was not at home.

Within a half hour, tourists started to transfer from the Hawaiian Village to the hospital and we were putting them up in rooms on the floors with no patients. They loved it! Beds that would go up and down, electric controlled drapes, water by the bed, remote control TV, --the works.

The next morning, I arrived to find five extremely unhappy doctors meeting me at the front door and that description is as mild as I can put it. They were livid!

"Kaiser was making them the laughing stock of the town." "How could they ever face any of their former medical associates again!" "They would be laughed out of town." "This was the most unprofessional thing anyone could ever do" " Kaiser had gone too far this time," and on and on.

I took the blame saying it was my idea instead of Mr. Kaisers. That I thought it was a "patriotic thing" to do #$#$ to help the tourist industry. That it was a way to make some money for the hospital and health plan when we were losing so much.

Needless to say, they were ready to tar and feather me and ride me out on a rail, and I don't think they ever were convinced deep down inside that it wasn't really Mr. Kaiser's idea in the first place.

A few days later when the tourists could be moved back into regular hotel rooms, none of them wanted to leave. For their money, the Kaiser hospital had the best accomodations they had ever had, even without restaurants and floor shows.

#$#$#$#$#$#$#$#$#$#$#$# Because of this and other disagreements with Mr. Kaiser, it was only a few months later that the original five partners left the program, but by then there was a good nucleus of doctors on the staff and health plan ##### members were growing in ever increasing numbers.# By the time the Health Plan and Hospital celebrated it's 25th anniversary in 1978, #$#$#$#$#$#$#$#$#$#$#$#$# that first nucleus of 5,500 members had swelled # to more than 111,000. xxxv

Henry J. Kaiser really should have been a doctor himself, possibly. With his interest in medicine and low cost medical care, and with all of his associations with doctors and nurses, he obtained quite a vast medical training informally.

One of the things that was always with him wherever he went most all of his life after his first association with medicine in the desert in 1933, was a small ########travel case about the size of a doctor bag, but square, in which he carried pills, remedies and first aid supplies. This bag was never very far away from him.

If any of us who were working with him complained about the sniffles, or a head ache, or about maybe coming down with the flue, he would grab his medicant case and immediately dole out one or another pill that he had and insist we take it. This was the case whether or not you were an executive.

We all soon learned never to complain of any ills in front of him because he was with his medicine like he was with his boats - if a one inch lift on the transom would get the boat out of the water to a planing level, two inches would do it twice as good.(But it didn't, necessarily). He also figured if the doctors said one pill would relieve a symptom, then two pills would do it faster and last longer.

So, we would all suffer in silence until we could find time to sneak off and get to a doctor.

Tom Price, who was one of his early associates and construction superintendents, used to relate an incident when Mr. Kaiser was on a business trip to Chicago. His cab driver cut his hand putting the baggage in the trunk of the cab, and everyone around was amazed to see Henry Kaiser pull out his medicine kit, tear open some bandages, and in quite a professional manner give first aid to the cabby.

FACT SHEET

JANUARY, 1958

Start of construction - KAISER FOUNDATION HOSPITALS
1697 Ala Moana Boulevard
Honolulu, Hawaii 96815

NOVEMBER, 1958

Open for admission to patients

NOVEMBER 12, 1958

Hawaiian blessing of the hospital by Reverend Abraham Akaka - private ceremony

NOVEMBER 13, 1958

Robert G. Dodge - first patient to be admitted to the hospital - 12:05 a.m. (6 or 7 admissions that day)

NOVEMBER 26, 1958

First born baby to Alice Bellefeuille - daughter Henrietta

AUGUST, 1970

Completion of 10th floor

Going, going . . .

Countdown for Kaiser demolition is on — again

Advertiser file photo

The old Kaiser hospital: ready to come down.

By Anne Harpham
Advertiser Staff Writer

Jack Myers knows you've heard this before, but this time he promises it is true:

The demolition of the old Kaiser Hospital is scheduled for 10 a.m. Friday.

Once the building is demolished and the rubble cleared, construction is to begin on developer Myers' $130 million, 575-room luxury hotel.

Myers said yesterday that the Environmental Protection Agency has certified that the entire site is entirely clear of any hazardous materials, including asbestos.

Myers' said he felt "pleasure and relief." This is the fourth time he has scheduled the demolition.

Kansas-based Martin Explosives Corp. has been contracted to demolish the building. Four hundred pounds of explosives are to be set in the building so that when set off the explosions will cause the nine-story building to fall in on itself.

The demolition originally was planned for early August. Myers delayed it for two weeks saying timing was too tight. Then asbestos was found in the building and the demolition was again put off so the asbestos could be removed.

So Myers rescheduled it for Oct. 3 after he had certification from an indepedent laboratory that the building was asbestos-free.

But he was forced to postpone the demolition again when the EPA said it wanted to inspect the building. The agency also had concerns about a catwalk between the Kaiser Hospital building and the four-story Pacific Insurance building. Myers had planned to encapsulate the asbestos-laden catwalk so no asbestos would escape into the air during demolition.

But the EPA was not convinced, and Myers agreed to remove the asbestos from the structure.

That has been done and Myers praised the EPA for its "quick action" in approving the site. "I truly appreciate the spirit of cooperation demonstrated by the EPA," said Myers in a statement. "Not only were they sensitive to the very important need of protecting public health and safety but also to my desire to resolve the situation as quickly as possible."

The hotel, to be called the Waikiki Prince, is expected to be open in the fall of 1988. It will be operated by the Seibu Group of Tokyo, which opened the Maui Prince this past summer. Seibu is also providing the financing for the project.

from Honolulu Advertiser, October 17, 1986

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